

***INDIANAPOLIS ADVISORY
COMMISSION ON
INDUSTRIAL DEVELOPMENT***

Application for Designation of Fifteen Year
Community Revitalization Enhancement District
(CRED) at the Lafayette Square Area

Adopted July 20, 2004

INTRODUCTION

The Lafayette Square Area (LSA) is a business district located on the westside of Indianapolis in Pike and Wayne Townships. While the area exhibits characteristics of suburban retailing, it is bordered by urban and first-tier suburban development with greater levels of density. To the south and east, the LSA is adjacent to pre-World War II housing that is grouped in developments more representative of an urban community.

The characteristics of suburban retailing include moderate building coverage, lots greater than one acre on a superblock pattern, spatial separation of buildings, aesthetic domination of vehicular thoroughfares and parking, and weak pedestrian orientation. Collectively, the result of these features is a disparate group of isolated uses, a transportation system that is automobile-oriented to the detriment of pedestrians, and an weak “sense of place” or civic identity.

As in numerous cities across the country, wide-ranging demographic forces—population growth, immigration, domestic migration, aging—and extensive economic forces—globalization, deindustrialization, and technological innovation—are altering the make-up of urban and suburban landscapes.¹ While the LSA epitomizes suburban retail development, it is also afflicted with the difficulties of urban development—disinvestment, a perception of being unsafe, and the cessation of growth. These difficulties, coupled with obstacles to redevelopment in the area including: a preponderance of vacant buildings, aging infrastructure, potential environmental contamination, low quality visual character, and transportation access barriers; converge to present an image of decline and decay. Locational and functional obsolescence are the mark of the LSA, as it is currently configured.

Retail location literature instructs that “store location is perhaps the most important [factor] of [retailers’ long-term] success.”² Store image, which is related to a retailer’s surroundings, is one variable related to store location. Although the LSA has advantages, it does not convey a positive image. The term *greyfield* describes the challenges and assets of various buildings and sites in the LSA. Greyfields, according to the Congress for New Urbanism, are “retail properties that require significant public and private-sector intervention to stem decline... greyfields are developed sites that are economically and physically ripe for redevelopment.”³ Pursuant to Indiana Code (IC) §36-7-13-12.1, this application requests the designation of the LSA as a 15-year community revitalization and enhancement district (CRED) to revitalize the area and capitalize on its assets by addressing obstacles to redevelopment of these greyfield sites and their corresponding blight on the area.

A CRED designation will realize tax base growth, create new job opportunities, and reuse blighted land for the betterment of the community. The designation of the LSA will stimulate private-sector interests, working cooperatively with the public sector, to plan for the reuse of these greyfield sites and market their potential as part of a comprehensive area-wide reclamation

¹ Katz, Bruce. *A Progressive Agenda for Metropolitan America*. Brookings Institution.

² Ghosh, Avijit, Craig, C. Samuel. Formulating Retail Location Strategy in a Changing Environment. *Journal of Marketing*. Vol. 47 (Summer 1983). p. 56-68.

³ Congress for New Urbanism. *Greyfields into Goldfields: from failing shopping centers to great neighborhoods*. February 2001.

strategy. This strategy will organize available local resources in support of property redevelopment that returns these sites to productive use. Revitalized sites will improve the visual character of the area and reduce the major reliance on retail development by promoting a connected mixed-use community that knits together the business district and surrounding neighborhoods. The revitalized LSA will be a physically and economically attractive magnet for commercial investment, nearby residential expansion, and business growth.

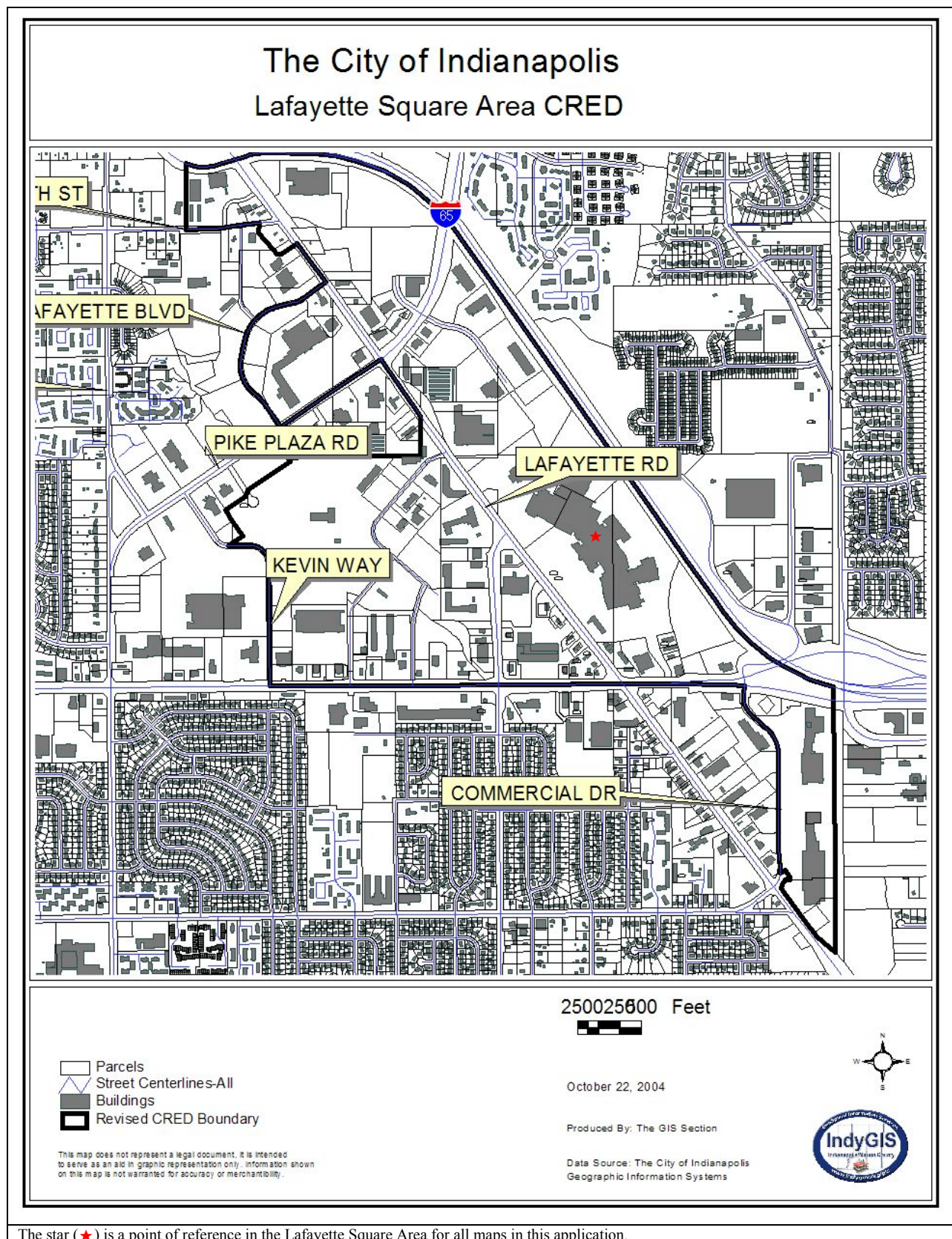
The LSA has strong assets for capitalization and potential for revitalization. These assets for redevelopment include the following:

- new businesses continue to open in the area, but not enough to stem the tide of decline;
- area businesses are unified in their belief in the strong fundamentals of the market;
- highly visible parcels of undeveloped land in the area are ripe for development;
- area residents and businesses are committed to a successful community;
- access is convenient from anywhere in the area to Interstates 65 and 465;
- access is convenient to both downtown and the Indianapolis Motor Speedway;
- large numbers of people travel through the district on a daily basis; and
- the area contains a substantial presence of major real development expertise.

While these assets are available, obstacles to revitalization expunge the hopes of significant change. The City of Indianapolis recognizes these assets and obstacles to revitalization. To lay the groundwork for redevelopment, the City completed the Lafayette Square Area Plan in 1999. This proposal for a CRED designation builds on the 1999 plan. With the tools made available as a part of the CRED—incremental revenues and income tax credits—Indianapolis seeks to reinvigorate the economic climate of the LSA. By building on the area's assets, addressing the obstacles to redevelopment, and leveraging local investments, the CRED designation will make possible the revitalization of the LSA.

Community Revitalization Enhancement District Area Description

The proposed CRED area covers approximately 1,054 acres (1.65 square miles) of land. To the north, the general boundary of the district follows the southern edge of Interstate 65 from a point where it intersects Moller Road to a point of intersection with Guion Road. An eastern boundary is formed by a line that parallels Commercial Drive from the point of intersection with Guion Road. From a southern point at approximately 34th Street, the boundary tracks Lafayette Road, taking in both sides of the street. At the intersection of 38th Street and Lafayette Road, a southern boundary line runs along 38th Street, again taking in parcels on both sides of the thoroughfare, until it reaches Moller Road. Moller Road is the general western boundary of the CRED, although several parcels of land to the west of Moller Road are included in the area. These additional western parcels included in the CRED boundary are immediately adjacent to 38th Street on the north side of the road until 38th Street meets Parkwood Drive, and immediately adjacent to Moller Road between approximately Gateway Drive and 42nd Street. This boundary is identical to the 1999 Lafayette Square Area Plan and is depicted in the following map.



History

Following World War II, the development of suburban commercial areas was a result of an urban planning approach that placed private single family homes in idyllic green settings—i.e. the subdivision—where commerce did not belong. Instead, development along highways and thoroughfares was considered the appropriate location for retail development. By such reasoning, the LSA was developed as an appropriate location for commerce.⁴ In 1968, The Edward J. DeBartolo Corporation constructed Lafayette Square Mall as the first enclosed shopping center in Indianapolis. As an enclosed shopping center, the mall was introverted; all activity focused inside the building. This interior focus was a break with other Indianapolis shopping centers of the time, which were collections of retail outlets with storefronts oriented toward a central plaza. This enclosed and introverted organization of retail space was unique in Indianapolis at the time, but its singular position of an in-door shopping experience did not last.

As Lafayette Square Mall matured, it brought significant investment to the westside community by providing shopping and jobs to nearby residents. The Lafayette Square Mall, with over one million square feet of leasable area and three anchor tenants, drew customers from the growing residential population on the westside of Indianapolis and a wider regional base. Over the years, a significant number of ancillary businesses opened around the mall to avail themselves of this increased retail traffic. Due to this success, the area surrounding the Lafayette Square Mall transitioned from greenfield to regional retail center. The growing retail format took full advantage of regional interstate highway access, as well as two major thoroughfares (Lafayette Road and 38th Street). Today, the westside area surrounding the mall is commonly referenced as the Lafayette Square Area to reflect the importance of the mall as a traffic generator. This area, as a commercial and residential node, is a critical component of the overall economic health and quality of life in Indianapolis.

The LSA abuts dense housing development to the south and west in Pike and Wayne Townships. The median year that this housing was built is 1967. The trends in these two townships reflect population growth from the 1960s through today. Pike Township, encompassing the majority of the LSA, experienced rapid and steady population growth during the 1960s and 1970s. Its population growth accelerated in the 1980s; the total population grew by 78 percent to 45,204 residents. This growth continued in the 1990s as the population increased to 71,465 an increase of 58.1 percent. In the 1960s Wayne Township experienced rapid population growth increasing by 26.7 percent. Although the population declined in the 1970s, it rebounded in the 1980s growing by 2.3 percent to 125,699 persons. In the 1990s Wayne Township saw a population increase of 6.2 percent.

While the outlying areas around the LSA continue to grow, today's LSA retailers serve a smaller retail trade area. This loss of customer base is the result of suburbanization that located residents greater distances from LSA shopping, changes in the shopping center industry and retail tenant mix, and an aging population with less disposable income in neighborhoods surrounding the LSA. The deterioration of the LSA followed national retail development trends. From 1964 to 2000, retail floor space per capita in the U.S. grew by nearly 400 percent, from five square feet per capita to 20 square feet per capita. By comparison, retail sales per capita grew from \$78 per

⁴ Van Asperdt, Anita. Boogie-Woogie: The Suburban Commercial Strip and its Neighborhood. *Landscape Journal*.

square foot to \$204 per square foot or less than 300 percent.⁵ Malls built in the 1950s and 1960s are hit hardest by this oversupply of retail space because they are too small or outmoded to attract the most profitable retailers. Competition from other commercial corridors also shrank the market of the LSA, as retailers followed customers to suburbs that were greater and greater distances from downtown. These retail trends coalesce resulting in vacant obsolete buildings that blight the LSA.

This reduction in market has subsequently led to the decline in retail traffic that further leads to lagging reinvestment, less competition and less incentive for retailers to locate in the LSA. In the past five years two of three anchor-tenants at the Lafayette Square Mall have ceased operations. Several near-by big-box retailers have also gone out of business.

Lafayette Square Area Plan

In March 1999, the Indianapolis Department of Metropolitan Development completed and the Metropolitan Development Commission adopted the Lafayette Square Area Plan. This plan, according to its purpose statement, “charts a course of action for the community and for the City of Indianapolis to improve the viability and competitiveness of the area around the Lafayette Square Mall.” The findings and recommendations of this plan undergird this application for CRED designation. A copy of the plan is included as an attachment and should be viewed as a reference tool in understanding the planning and redevelopment vision for the LSA. The Lafayette Square Area Plan was comprehensive, addressing the issues of community development that integrate economic, physical, and human development to achieve the area’s successful revitalization. The Lafayette Square Area Plan outlined strategies to:

- promote business retention, expansion, and attraction;
- minimize criminal activity and reduce the perception of crime;
- enhance infrastructure and services;
- beautify the commercial district and provide for flexibility in the land use and zoning guidelines to enable successful development; and
- protect adjacent neighborhoods from commercial encroachment.

These strategies strive to achieve the revitalization of commercial space, greenspace, infrastructure, civic engagement, and cultural life in the LSA. They also recognize the need for additional capital resources—physical, financial, human, cultural, social. The designation of the LSA as a CRED will attract this capital investment and maximize opportunities for revitalization. This application for CRED designation enhances the strategies recommended by the Lafayette Square Area Plan.

Challenges

Today, the LSA suffers from numerous challenges that have stunted the development in the area. These challenges include a **changing retail industry leading to the cessation of growth, obsolete retail space, deteriorating improvements, and a perception of high crime rates.** First, the retail industry over the last twenty years has evolved from serving the basic consumer impulse to supporting changing lifestyles. Retail developers are looking for ways to connect the

⁵ Booth, Geoffrey. Back to Basics: Retail development fundamentals are making a comeback. *Urban Land*. February 2003, p 44-49.

shopping center to customers and communities through project design, tenant selection, and integration with other land uses on a pedestrian scale. This change in the market, coupled with the downturn in the national economy, has resulted in significant job loss in the retail trade sector across Indiana. According to the Indiana Business Research Center, the retail trade sector in Indiana lost 19,800 jobs from May 2000 to September 2003.⁶ “These losses reflect the general impact of a sluggish economy, as businesses and consumers cut out discretionary spending when money and jobs are scarce.”⁷ In the LSA, these job losses are reflected in the closing of J.C. Penney and Lazurus—anchor stores at the Lafayette Square Mall—and big-box retailers, such as K-Mart, Builder’s Square, Venture, and Cub Foods.

Next, in the last decade the number of retail outlets in the LSA has declined as a result of corporate consolidation, the bankruptcy of major retailers, and retailer’s demands for more space under roof. At the same time, the demand for retail space in the area has declined. The third challenge facing the LSA is that of obsolete retail space, over-development, obsolete development patterns, and site development of a low aesthetic value. Geoffrey Booth, Director of Retail Development for the Urban Land Institute and co-author of the Urban Land Institute *Ten Principles for Reinventing America’s Suburban Business Districts*, summarized many of these factors of obsolescence. “The suburban retail development undertaken after 1964 is not up to the standards of the old downtown department stores, whose architectural excellence bespoke not just the integrity and strength of their merchant tenants but also the quality and durability of the goods they sold.”⁸ Rather, much of the new construction was relatively inexpensive to allow for competitive rental rates. Moreover, it was deliberately segregated from surrounding development to make it as inconvenient as possible for shoppers and tenants to move from one development to another. The result, nationally as in the LSA, is the scattering of retail uses rather than a concentration in centers well serviced by various transportation modes.

Finally, the LSA is hampered by the perception of danger and victimization. In public meetings for both the Lafayette Square Area Plan and this CRED application, local residents, local businesses, and real estate developers spoke of these negative public safety perceptions as an impediment to the redevelopment of the area. The success of retail districts is closely linked to public safety and the perception of public safety. As in any area with significant numbers of people, crime exists in the LSA. Crime itself, however, is not the primary detriment to consumerism and redevelopment. Rather, it is the fear of being victimized or disturbed that causes a shopper to stay home or go elsewhere.

Indianapolis Advisory Commission on Industrial Development

To address these challenges and reinvigorate the LSA, Mayor Bart Peterson assembled an Indianapolis Advisory Commission on Industrial Development (IACID) in the fall of 2003 to study the area and offer recommendations for its designation as a CRED. The IACID will act in accordance with IC §36-7-13, et. seq. The CRED is a new tool for economic development in Indianapolis. The benefits of a CRED include additional public investment and tax incentives to

⁶ Conover, Jerry N. and Smith, James C. Outlook 2004: Indiana. *Indiana Business Review*, Vol. 78, No. 4. Indiana Business Research Center. <<http://www.ibrc.indiana.edu/ibr/2003/outlook04/indiana.html>>. Accessed on 05/03/2004.

⁷ Ibid.

⁸ Booth, 2003. p. 47.

spur private sector capital investment. In line with the statutory requirements for a CRED, this document serves as an application for designation and a plan for revitalization.

The members of the IACID are:

Melina Kennedy	Indianapolis Director of Economic Development
Dennis Bassett	Bank One
Steve Scott	Scott Hilliard Kosene
Don Palmer	Palmer Dodge
Dave Griffiths	Citizens Gas & Coke Utility
Sean Seyferth	International Brotherhood of Electrical Workers #481

Application Development Process

The preparation of the application for a 15-year CRED in the LSA required a thorough understanding of the existing physical conditions of the commercial and residential area and the analysis of the assets and liabilities of these conditions. Information for the inventory was collected from several sources including site visits for the physical inventory, previous planning studies, interviews with City staff, technical documents, and interviews with citizens, property owners of the area and other interested parties.

The proposed CRED surrounding Lafayette Square Mall is the result of community planning and evaluation of the parcels of property located in the vicinity of Lafayette Road and properties oriented to West 38th Street, including the Eagledale neighborhood. Final determination for parcels to be included in the proposed boundary was based on the following criteria:

- support of statutory criteria pertaining to CRED designation;
- consideration of future development or redevelopment potential;
- consideration of sound planning principles for future land use based on adjacent land uses or land attributes, transportation systems, area needs and the efficient provision of government utilities and services; and
- consideration of the 1999 Lafayette Square Area Plan study area.

Application Structure and Statutory Requirements

IC §36-7-13 outlines steps for a first class city, e.g. Indianapolis, to apply for a 15-year CRED. The first requirement is the appointment of an advisory commission on industrial development. This commission in Indianapolis is the IACID, named previously. The local legislative body next grants the mayor permission to apply to the advisory commission for a particular area to be designated a CRED. The Indianapolis City-County Council granted this authority in General Resolution No. 5 passed April 28, 2004. Upon receipt of this application, the commission must demarcate a specific CRED area and make a series of findings regarding the proposed area.

The following sections of this application document make the necessary findings for CRED designation and proffer a plan for revitalization of the proposed LSA CRED. Section One makes the necessary findings of economic benefit that accrue to the CRED—including opportunities for employment, attracting new business enterprise, or expanding business enterprise (See IC §36-7-13-12.1(a)(1)). Section Two outlines significant obstacles to redevelopment of the area, as set

forth at IC §36-7-13-12.1(a)(2)). Section Two finds the following conditions outlined in statute are obstacles to redevelopment in the LSA:

- obsolete or inefficient buildings;
- aging infrastructure or ineffective utility services;
- utility relocation requirements;
- transportation or access problems;
- environmental contamination;
- deterioration of improvements or character of occupancy, age, obsolescence, or substandard buildings; and
- other factors that have impaired values or prevent a normal development of property or use of property.

Section Two further finds that the City of Indianapolis has expended, appropriated, pooled, set aside, or pledged at least \$250,000 to address the obstacles to redevelopment, as required by statute (See IC §36-7-13-12.1(c)). Section Three contains the plan for revitalization of the LSA.

Upon adoption of a resolution that demarcates a CRED area, makes the necessary findings, and offers a plan for revitalization, the IACID will submit the resolution to the state budget committee and budget agency. The budget committee and budget agency will approve the CRED designation if the above outlined conditions are met and the agencies find that the district benefits the people of Indiana by protecting or increasing state and local tax bases and tax revenues for the duration of the CRED.

SECTION ONE – FINDING OF ECONOMIC BENEFITS

The proposed LSA CRED satisfies the requirements of IC §36-7-13-12.1(a)(1) that the district promote opportunities for employment, attracts, retains or expands business, and remedies obstacles that prevent redevelopment.

Mayor Peterson proposed the CRED designation for the LSA in 2003 because of challenges resulting from the sluggish national economy, the area's high and unique concentration of large retail buildings, and the closure of several large retailers. The CRED designation creates an environment for economic expansion by encouraging private sector investment to redevelop underutilized parcels or rehabilitate vacant buildings in the district.

The planning and redevelopment strategy for the LSA is to improve the visual character of the area and reduce the major reliance on retail development by promoting a connected mixed-use community that knits together the business district and surrounding neighborhoods. The revitalized LSA will be a physically and economically attractive magnet for commercial investment, nearby residential expansion, and business growth.

The plan for revitalization of the area will provide a long-term framework to revitalize the LSA as a hub of daily activity that supports current uses in the district, converts undeveloped or vacant parcels to alternative uses and conveys a “sense of place,” in a now undifferentiated retail area. The goals articulated below will engage local institutions, create a supportive business environment, and create a positive image of the area. A successful revitalization will place currently under-utilized resources back in service to benefit Indianapolis and the State of Indiana. By achieving the goals of this plan, the LSA will provide new jobs for Indianapolis residents, increase state and local tax bases, and infuse additional resources into the Indiana economy. New jobs and increased income create opportunities for residents positively influence education attainment levels and health outcomes producing “virtuous cycle of sustainable economic development,”⁹ that leverages the many positive social and business investments already existing in the LSA.

The establishment of the LSA CRED stimulates the development of several projects that will not otherwise occur without economic assistance. These quick-start projects will catalyze additional investment and document the benefits of the CRED designation in the short- and long-term. The projects represent first steps in an area-wide greyfield reclamation strategy. This strategy will organize available local resources in support of property redevelopment that returns these sites to productive use. These projects will quickly demonstrate a positive change in the area that fuels increased optimism and additional investment and are proposed as small steps to build public, developer, and investor confidence in long-term revitalization of the LSA.

The first project is the redevelopment of the former Cub Foods at Lafayette Square. This property will be redeveloped into a new 14-screen movie theater and a grocery store. The

⁹ Amirkhanian, Alan. This Works: Encouraging Economic Growth. Center for Civic Innovation. Manhattan Institute. No. 33. March 2003.

owners of the 62,000 square foot building at 3898 Lafayette Road approached the City in May 2004 (see Appendix One for site details).

The owners of the former Cub Foods property will invest \$1.8 million in the new Republic Theaters, which will use 41,000 square feet of the space. The theater will feature 14 screens with stadium seating and will bring an estimated 400,000 ticket-buyers to the site by its third year. A Sav-A-Lot grocery store also will open in 18,000 square feet of the site. The owners will invest \$350,000 in the store, which will create \$5 million in estimated annual sales. Some amount of the remaining square footage will house an unmanned bank branch with several ATM's and other access to banking services.

The owners of the property credited the proposal of a CRED in the LSA as a major reason for their redevelopment efforts. According to one of the owners, "The extra push of the incentives in the district made this investment possible, allowing us to attract some great tenants that will generate business for the whole area."¹⁰

The second project capitalizes on the growing Hispanic population on the westside of Indianapolis (see Appendix Two for demographic details) and creates a community institution to highlight local culture and provide needed business services to this community. The Indiana State Hispanic Chamber of Commerce and local private partners will develop a Hispanic cultural and business resource center in the former Loews Theatres building (see Appendix One for site details). This center will reuse an idle resource and anchor a Hispanic community that is a vital asset to Indianapolis' future.

When completed the center will include offices for the chamber; a 1,000-seat performing arts center; smaller rooms for meetings, banquets, and community events; business training facilities; an artisans' marketplace; and a 3-D entertainment and education center. Two of the building's eight theaters also will be retained to show Spanish-language and subtitled films. The services provided through this center will train local residents for new job opportunities and will reuse blighted land for the betterment of the community.

The first phase of work on the \$1.5 million project involves renovations to the interior of the building. The second phase will revamp the exterior, while the third involves the acquisition of about four acres of green space northwest of the theater. Plans call for that land to be developed as a plaza and marketplace.

The new center will attract more people to the area and provide assistance for new business development. In this way, it supports existing retailers by generating sales, and achieves the community's desire to improve the visual character of the area by its quality design and to reduce the major reliance on retail development. It is expected that the site design will promote a connected mixed-use community that knits together the business district and surrounding neighborhoods.

According to Manuel T. Gonzalez, Chamber President, "For Hispanics, business and culture are closely intertwined, and [the partners in this development] believe this will provide an important

¹⁰ Fultz, Clint. Personal Interview, 05/10/2004.

focal point for our growing community.” Estimates suggest that there are more than 1,800 Hispanic-owned businesses in Central Indiana and the new center will offer a variety of programs designed to help business owners and entrepreneurs connect with banks and potential customers and comply with state and federal regulations.

Once the facility is complete, it is expected to be self-sufficient through revenue generated by rentals, the two theaters, and the 3-D entertainment and education media center. The Global University (TGU), a consortium of educational institutions, private enterprises, and technology providers, is developing the media center.

TGU is designing a next generation art, entertainment, and education global campus for meeting, teaching, learning and collaboration. While the project’s initial thrust will focus on entertainment and education, there will be commercial applications including the capacity to provide live and on-demand Internet broadcasts of business, medical and industrial training information. The applied research spin-offs from the development of this visualization technology will provide an advanced infrastructure for commercialization to an off campus market that will involve 2-D and 3-D visual collaboration and media content creation, distribution and access. TGU’s team consists of the following educational institutions, enterprises, and technology providers:

- Ruth Lilly Health Education Center;
- Thomson Consumer Electronics;
- EDS;
- UGS;
- CAE-net;
- Vervana;
- Indiana State Hispanic Chamber of Commerce;
- Businessgrids Network Inc;
- Ford Motor Company;
- Purdue University;
- Sun Microsystems;
- Time Warner Telecom; and
- Bowling Green State University.

SECTION TWO – FINDING OF OBSTACLES TO REDEVELOPMENT

Economic growth, as measured by new jobs, is receding in the LSA. Over 200 jobs have been lost as a result of the factors discussed below. These factors indicate a cessation of growth in the LSA and support the need for designation as a CRED. Accordingly, as required IC §36-7-13-12.1(a)(2), the IACID finds that there are significant obstacles to redevelopment in the LSA and deem it eligible for CRED designation.

I. Obsolete or Inefficient Buildings

The LSA suffers from several forms of building obsolescence, including:

- over-development of retail in the area;
- obsolete development patterns;
- obsolete buildings and site development patterns;
- obsolete “big box” developments; and
- buildings and site development of a low aesthetic value.

Each form intersects with others suggesting an area experiencing decline and decay.

Retail Over-Development & Vacant Buildings

In the last ten years, the number of retail outlets in the LSA declined as a result of corporate consolidation, the bankruptcy of major retailers, retailer’s demands for more space under roof, changing urban economics, competition from newly constructed shopping centers, and other alterations in retail format.¹¹ The following list documents the closing of mall department stores, “big-box,” and other shopping center retail in the proposed CRED area.

From 1999-2002, Indianapolis experienced 5.8 million square feet of new retail construction, according to Marcus & Millichap’s National Retail Research Report.¹² Developers provide this new retail space to accommodate retailers’ need to maintain market share and to roll out new concept stores. The profile of this new construction is 180,000-plus square foot spaces that serve big-box development. As this new space becomes available, retailers move to occupy it, leaving their previous spaces vacant. As is the case in the LSA, this abandoned space is left by department stores (J.C. Penney and Lazarus), “big-box,” (Venture) or other shopping center retail (Service Merchandise) is often obsolete and outmoded.

Retail real estate vacancy rates in the Indianapolis area in 2003 finished the year at an average just above 9 percent. Reflecting the shifting paradigm of retail development, shopping centers older than five years averaged close to 11 percent vacancy, while newer shopping centers

¹¹ Congress for the New Urbanism. Greyfield Regional Mall Study. PriceWaterhouseCoopers, Global Strategic Real Estate Research Group. January 2001.

¹² As quoted in Knight, Dana. Report Predicts 65 Percent Drop in Indianapolis-Area Retail Growth for 2003. *Indianapolis Star*. June 12, 2003.

averaged just above 3 percent.¹³ These vacancy figures support national trends, expressed by Geoffrey Booth, “the issue is not one of too much space, but too much obsolete space.”¹⁴

The list that follows includes the major retail vacancies that blight LSA. This list represents the effect of the market conditions described previously.

Vacant Retail Buildings in the CRED Area	
Retailer	Location
J.C. Penny	Lafayette Square Mall
Lazarus	Lafayette Square Mall
General Cinema	Lafayette Square Mall
Cub Foods	Lafayette Road
Builder’s Square	Lafayette Road
Amoco	Lafayette Road
Precision Tune	Lafayette Road
Collins Oldsmobile	Lafayette Road
Sisk Pontiac	Georgetown Road
ADESA auto auction	Pike Plaza
K-Mart	Commercial Drive
TJ Maxx	Commercial Drive
Service Merchandise	38 th Street
Franks Nursery	38 th Street
Village Pantry	38 th Street
Denny’s Restaurant	38 th Street

Obsolete Development Patterns

Much of the existing stock of retail development in America was created by an explosive growth in suburban development from 1950 to 2000. The resulting suburban shopping malls and stand-alone retail outlets were drawn to the junctions and frontages of major arterial roads and the new interstates to maximize visibility. The expansion of the LSA, similar to retail development nationwide, emphasized corridor frontage development to the exclusion of interior parcels and other development factors. As a result of this development pattern, many interior parcels in the LSA remain undeveloped. The developed frontage parcels yielded small commercial strip

¹³ Colliers Turley Martin Tucker. *Commercial Real Estate Market Report: Indianapolis 2004*. January 2004. p. 13. <http://www.colliers.com/Content/Repositories/Base/Markets/Indianapolis/English/Market_Report/PDFs/2004marketstudy.pdf>. Accessed on 05/03/2004.

¹⁴ Johnson, Ben. Mall Wars. *Urban Land*. February 2002, p 45-47.

centers surrounding the Lafayette Square Mall. These strip centers contain a mix of major retailers and local businesses.

In many instances, LSA commercial strip center development exemplifies the worst attributes of this land use. In a deteriorated state, the many commercial strip centers in the LSA are a blighting influence. William Polk, Planning Director of Conway, Arkansas, describes the negative attributes of commercial strip development. Polk's attributes are grouped under four categories: sprawl, traffic, aesthetics, and future land use.

Sprawl

1. Blight - Strip commercial zones tend to have a blighting effect on surrounding residential areas.
2. Lack of Buffers - Strip commercial zones are often not adequately buffered from surrounding residential zones.
3. Proliferation of Strip Commercial - Due to their blighting effect and lack of adequate buffering, strip commercial zones tend to proliferate along roads.
4. Sprawl - The proliferation of strip commercial zoning often exacerbates sprawl development.

Traffic

5. Curb Cuts - The numerous curb cuts typical in strip commercial development create many turning movement opportunities that lead to the development of multi-lane parking lots masquerading as roads.
6. Lack of Access - When strip commercial zoning is deep, with frontage only on one road, the access is inadequate for the traffic being generated by the project and the single road can not accommodate the traffic, particularly the turning movements.

Aesthetics

7. Parking - The tendency to place all the parking between the buildings and the roadway leads to vast expanses of asphalt and a degraded visual environment.
8. Life Expectancy of Buildings - Commercial strip buildings typically do not age well. Consequently, over time, the buildings become eyesores.
9. Vacancies - Due to the limited life expectancy, strip commercial projects tend to become empty and derelict.

Future Land Development

10. Future Land Uses - There is a tendency to develop all the land along the [thoroughfare] as commercial and seal off the land to the rear from access or to limited access only through commercially developed areas.¹⁵

The presence of deteriorated commercial strip centers poses a substantial obstacle to long-term redevelopment for the LSA.

Wholesale & Retail Auto Facilities

The LSA contains several vacant automobile dealerships that blight the area. These vacancies are the result of the transforming structure of the automobile sales industry led by the proliferation of new-car leasing arrangements and the rise of high-volume automobile superstores.¹⁶ According to economist Keith Keel, the two factors are related. New cars typically are leased for two or three years, after which they are returned to the dealer, creating a

¹⁵ Polk, William. Taming The Commercial Strip Through Comprehensive Planning. Proceedings National Planning Conference. American Planning Association. 1999. <<http://www.asu.edu/caed/proceedings99/POLK/POLK.HTM>>. Accessed on 05/03/2004.

¹⁶ Keel, Keith G. *Auto retailing: changing trends in jobs and business*, Monthly Labor Review Online. October 1998, Vol. 121, No. 10 <<http://www.bls.gov/opub/mlr/1998/10/rpt1full.htm>>. Accessed on 05/03/2004.

large supply of late-model used vehicles. As a result, “new-car dealers currently are selling proportionally more used cars than ever before, and a formidable competitor has entered the market in the auto superstore.”¹⁷ This changing dynamic results in a declining total number of dealerships. The impacts of this evolutionary market structure affect the LSA. Four major auto retailers were forced by industry pressures to either relocate or vacate the area. These auto retailers include:

- Kennedy Chrysler and Wiese Buick moved to meet corporate requirements for site layout;
- Former Wiese Buick site was re-occupied by a buy-here-pay-here dealership;
- Sisk Pontiac and Wiese Buick were later consolidated into one dealership, leaving the Sisk site vacant; and
- Collins Olds was eliminated as a result of GM’s discontinuation of the Oldsmobile product line.

The specific design requirements of automobile dealerships make these vacant sites difficult to re-use. Showroom display areas are not conducive to alternative re-use. The same is true of the body shops and repair facilities.

A final automobile sale facility blighting the LSA as a result of the transforming structure of the automobile sales industry is a vacant auto auction complex. Auto auctions operate because automakers have sent an increasing share of the cars coming off lease each year to auction yards where automobile dealers buy autos for their used lots. The vacant auto auction site sits on a sizeable interior site north of 38th Street & south of Pike Plaza Road at 4040 Office Plaza Boulevard (see Appendix One, page iv).

Obsolete Big-Box Stores

Big-box buildings are difficult to re-use and redevelop, and the size of the structure makes a vacancy highly visible. The presence of numerous big boxes – both vacant and occupied – poses a substantial obstacle to long-term redevelopment for the area. The Maryland Department of Planning (MDP) describes big-box retail facilities as “large, industrial-style buildings or stores with footprints that generally range from 20,000 square feet to 200,000 square feet.”¹⁸ Characteristic of most big-boxes is a single-story structure, with a three-story mass, standing more than 30 feet tall. There are four major subgroups used to categorize big-box retail formats: discount department stores, category killers, outlet stores, and warehouse clubs.

Discount department stores, ranging from 80,000 square feet to 130,000 square feet, offer a wide variety of merchandise including automotive parts and services, housewares, home furnishings, apparel and beauty aids. Category killers, ranging from 20,000 square feet to 120,000 square feet, offer a large selection of merchandise and low prices in a particular type of product category. Outlet stores, ranging from 20,000 square feet to 80,000 square feet, are typically the discount arms of major department stores. Warehouse clubs, ranging from 104,000 square feet to 170,000 square feet, offer a variety of goods, in bulk, at wholesale prices. However, warehouse clubs provide a limited number of product items (5,000 or less).¹⁹

¹⁷ Ibid.

¹⁸ State of Maryland, Department of Planning, “Big-Box” Retail Development, Maryland, October 2001.

¹⁹ Ibid.

The LSA contains several occupied and vacant discount department stores and category killers. In the last several years, these retail centers have come under significant pressure for several reasons. First, the move to the “super store” business model contributed to the vacancy of several smaller developments that were difficult to re-occupy. Next, to conserve resources, retailers abandoned several big-box developments. Corporate bankruptcy and consolidation further exacerbated the problem, as evidenced by the Cub Foods, Builder’s Square, and Venture vacancies.

Overall, economic conditions in the LSA are stagnant as demonstrated by the number of properties that have lost economic value due to external obsolescence. External obsolescence is caused by an influence outside the property’s boundaries that has a negative influence on its value and is not accounted for by normal depreciation of the asset. Noise, air, water, or light pollution; heavy traffic; inharmonious land uses; and crime are examples of external obsolescence. Economic value is represented by assessed property value and quantified by appraisal. Analysis reveals that a number of major vacancies in the LSA, including the former Cub Foods store, Builder’s Square, Collins car dealership, and the former Furrows site, all receive obsolescence factors in excess of 40 percent, with one as high as 78 percent. The average reduction on these properties is 56 percent. In the case of the LSA properties, a number of external obsolescence factors and other market detriments reduce the value of property.

Compounding this blight on the LSA is the territorial nature of big-box retail that keeps vacant retail space empty for extended lengths of time. The American Planning Association (APA) describes the bias against the highest and best reuse of the big-box properties. If a retailer owns a property and vacates a space for another location as described above, “the retailer will not lease the space to a potential competitor.”²⁰ If a retailer leases a property, “stipulations in the lease may restrict competitors from moving into the space after the original tenant leaves.”²¹ When renters move to another location in the middle of a multiyear lease and continue to pay rent, the property manager must still honor the lease terms. This scenario supports the continuation of a vacant space, as the property owner has no incentive to induce the reuse of the property.

Low Aesthetic Quality

The architecture of buildings and site design of properties in the Lafayette Square is generally of low aesthetic quality. With the notable exception of the Lafayette Square Mall and a few commercial centers, the general appearance of the area commercial development is dilapidated and un-welcoming. Participants in public meetings convened to prepare the Lafayette Square Area Plan in 1999 and participants at IACID meetings expressed the need to improve the appearance of the LSA.

The visual character of an area defines it in the minds of customers. For example, the architecture of downtown retail areas, especially department stores of the late 19th and early 20th century, were designed to convey the message of stability and quality. By comparison the buildings comprising suburban business districts with strip commercial development patterns, which prevail in the LSA, are low-cost, undifferentiated and are showing their age.

²⁰ Armstrong, Shannon. Dark Stores Cast Shadows. Zoning News. July 2001. American Planning Association.

²¹ Ibid.

These factors converge to sour the general appearance of the LSA, affecting the ability of retailers to draw and retain customers. Research demonstrates that customers will more frequently patronize an area where they feel safe, the area is well maintained and is visually appealing. Therefore, maintaining a high quality aesthetic appearance is imperative in competitive markets.

II. Aging Infrastructure and/or Ineffective Utility Services

The LSA has several obstacles to redevelopment related to the need for infrastructure improvements to accommodate current demand and future redevelopment. These needs include:

- enhanced storm water management;
- a need for modern storm water management facilities aesthetically integrated into the redevelopment design;
- roadway improvements, both pavement reconstruction and roadway aesthetics;
- burial of utilities;
- additional sidewalks to connect adjacent retail and transit stops; and
- improved on-site lighting.

Storm Water Management

Storm water utility service in the LSA is ineffective to accommodate anticipated increase in business growth and expansion. Additional storm water detention is necessary to lessen the impact on Indianapolis' storm sewer system. Storm water "best management practices" (BMPs), a wide-range of on-site practices that improve water quality, are necessary to reduce storm water pollution. On site detention facilities reduce the incidence of downstream flooding by slowing the release of storm water and improving the water quality. The local waterways that serve the LSA, Little Eagle Creek and Falcon Creek, often reach the top of their banks during wet weather events. This high peaking is due to large amounts of impervious surface including major thoroughfares and parking lots.

Field investigation indicates that there are only four storm water detention ponds in the LSA. Three of the ponds are located in relatively new development along Pike Plaza Road, which drain to Falcon Creek. The fourth pond serves the Builder's Square site and drains into Little Eagle Creek.

The retail strip developed along Commercial Drive appears to have re-configured the Little Eagle waterway to provide in-channel retention ponds, rather than specific on-site storm water detention. The passage of time has filled the detention ponds with sediment; the resulting diminished service capacity leads to down stream flooding.

The LSA is covered by approximately 742.4 acres (1.16 square miles) of impervious surfaces, accounting for approximately 71 percent of the entire LSA. Impervious surfaces are any material that prevents the infiltration of water into the soil, e.g. roads, parking lots, and roofs. Significant amounts of impervious surface lead to nonpoint source pollution, the nation's leading threat to water quality according to the U.S. Environmental Protection Agency²². Research

²² Environmental Protection Agency. 1994. The Quality of Our Nation's Water: 1992. United States Environmental Protection Agency. Washington, D.C. USEPA Office of Water.

shows that impervious roads generate the highest levels of pollutants, followed by parking lots. Impervious surfaces do not generate pollution; they are the means to increased levels of pollution because they prevent the infiltration of pollutants from various sources including automobiles, road surface treatments, and other chemicals. Arnold and Gibbons point out that impervious surfaces: (1) are a critical contributor to the hydrologic changes that degrade waterways; (2) are a major component of the intensive land uses that do generate pollution; (3) prevent natural pollutant processing in the soil; and (4) serve as an efficient conveyance system to transport pollutants.²³ A study in Olympia, Washington synthesizes the research on impervious surfaces to show that commercial areas are nearly 100 percent effective in conveying their high levels of pollution from roadways and parking lots to the storm water collection system and into nearby streams.²⁴ The impervious surface coverage of the LSA causes environmental harm and taxes the capacity of local infrastructure necessitating additional storm water detention and treatment.

Modern site development standards consider storm water detention and vegetative filtration as a positive aesthetic element of the development that serves a functional purpose. The use of vegetative areas to break-up large areas of asphalt and storm water detention ponds can be combined to create small park areas or other green spaces. These green spaces allow storm water to infiltrate the soil, and provide positive sociological and psychological effects on residents and consumers in the LSA.

Transportation Access Barriers

Development standards in effect at the time of the original retail development of the LSA emphasized the needs of individual parcels over the needs of an area; i.e. development standards were hyper-territorial. Originally, individual developments deliberately constructed barriers between themselves and their neighboring developments to remediate liability concerns and capitalize on zoning regulations that allowed only one freestanding advertising sign per integrated development. While Lafayette Square Mall eliminated barriers between competing retailers such as J.C. Penney's, Sears and L.S. Ayres, the retail development patterns around the Mall prohibits easy access among adjoining sites.

These standards yielded development patterns that have created an unfavorable pedestrian environment. Transportation by foot in the area is both difficult and unsafe. Although pedestrian activity is possible, it is a limited transportation option as few sidewalks exist along the streets of the LSA. Where no sidewalk exists, dirt paths have been worn into the turf along the right-of-way. Where sidewalks exist, they are generally deteriorated and sub-standard. In either instance, pedestrians are traveling in close proximity to major thoroughfares carrying a large volume of traffic at a high rate of speed.

As a result, a shopper leaving one development is required to enter the thoroughfare corridor to access an adjacent parcel, thus placing additional, unnecessary demands on the thoroughfares and their traffic management systems. This design standard promotes increased stopping and

²³ Arnold, Chester L. Jr., Gibbons, C. James. 1996. Impervious Surface Coverage: the emergence of a Key Environmental Indicator. *Journal of the American Planning Association*, Vol. 62 No. 2. p. 243.

²⁴ City of Olympia, Washington. 1995. Impervious Surface Reduction Study: Final Report. City of Olympia Public Works Department.

turning from the arterial roadway, which contributes to congestion and the likelihood of accidents.

Roadway Improvements

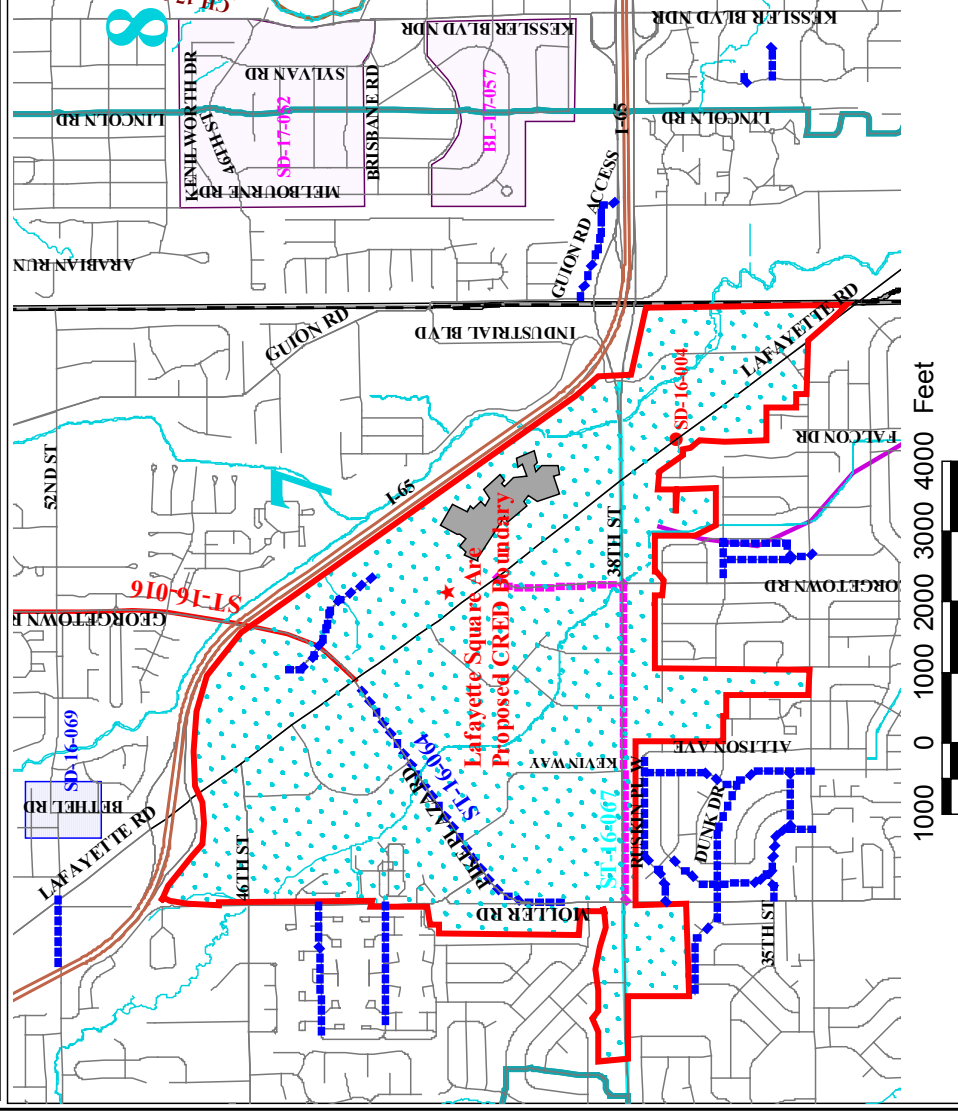
As a result of deteriorating roadway surfaces, roadways operating below a minimum level of service (LOS), and the transportation access barriers described above, the City of Indianapolis plans major roadway improvements to primary and secondary corridors in the LSA commencing in 2005 and continuing through 2008. These major projects include the reconstruction of 38th Street, the widening of Moller Road/Pike Plaza Road, and the rehabilitation and widening of Georgetown Road. While these improvements will not solve all access issues, they are positive steps toward greater mobility.

The following map documents the location of these projects in the LSA.

2004 - 2008 Capital Improvements Program

(Including Completed Projects, 1999 - 2003)

Lafayette Square Area



LEGEND

- 2004
- 2005
- 2006
- 2007
- 2008
- Completed Projects
- Proposed CRED Boundary
- 2004 Resurfacing
- Completed Resurfacing Projects
- 2004 Councilmanic Districts
- Streets
- Streams
- Rail Road

Guide to Project Number Prefixes

- BL = Barren Law Sewers
- BR = Bridge Maintenance/Repair/Replace
- CI = Culvert
- CS = Combined Sewer
- LD = Levee/Dam
- LS = Lift Stations
- LS = Roadside/Area Drainage
- SSSI = Sanitary Sewer Siphon
- ST/SR = Streets
- TS = Traffic Signals
- WT, BE, SO = Wastewater Treatment Plants



July 9, 2004

Produced By: The GIS Section

Data Source: The City of Indianapolis
Geographic Information Systems

This map does not represent a legal document, it is intended to serve as an aid in graphic representation only. Information shown on the map is not warranted for accuracy or merchantability.

The star (★) is a point of reference in the Lafayette Square Area for all maps in this application.

The funds for these three roadway projects account for the necessary allocation of funds to satisfy the requirements of IC §36-7-13-12.1(c) that \$250,000 has been expended, appropriated, pooled, set aside, or pledged to address this obstacle to redevelopment.

Project No. (Bid Date)	Project Name	Status	Total Construction Cost (\$)	Local Cost (\$)
ST-16-016 (2006)	Georgetown Rd., Lafayette Rd. to 56th Street Added Travel Lane Project	In Design	5 to 7 million	1 to 1.4 million
ST-16-064 (2003)	Moller Rd & Pike Plaza Added Travel Lane Project	In Construction	1.5 million	300,000
ST-16-067 (2008)	38th St (W), from I-465 to I-65 Pavement Rehabilitation Project	In Design	9 to 11 million	1.8 to 2.2 million

LOS is a quantitative measure that describes the quality of operating conditions and travelers' perceptions of the quality of service provided by a particular roadway or other transportation facility. It is used as a means of measuring factors such as traveler comfort and convenience, maneuverability, fuel consumption, and lost travel time. Represented by a six-level ranking, LOS is represented by the letters "A" through "F," where "A" is the most favorable condition and "F" is the least favorable.

The LOS scores in the LSA, ranging from "C" to "F," document vehicular congestion. This congestion is exacerbated by development patterns in the area that make movement between adjoining land uses difficult.

Georgetown Road was constructed as a two-lane road in 1969/1970 with an original pavement cross section of 24-foot. Georgetown Road currently operates at a LOS "F," necessitating improvement and expansion. At the time of original construction, the need for future widening was anticipated and the necessary right-of-way acquired. In 2007, the City of Indianapolis will widen Georgetown Road to five lanes, with a raised median. The Georgetown Road corridor expansion will create two through lanes in each direction and a left-turn lane in the center. This expansion will accommodate the demand placed on the roadway by the retail expansion of the late 1980s and early 1990s and the continued movement of residential population to Pike Township. Today, the average daily traffic (ADT) measure is 23,739 and is projected to reach 36,000 by 2020. The widened Georgetown Road is anticipated to operate at LOS "D." Georgetown Road is also a primary route on the Marion County Bicycle Plan. The roadway expansion will also construct a ten-foot grass buffered multi-use path in addition to the five-foot sidewalk installed on the opposite side of the roadway to address access issues.

In the late 1980s and early 1990s, expanding retail development diminished the carrying capacity of Moller Road/Pike Plaza Road. The added demand from this development has deteriorated the LOS provided by the current roadway, which ranges from two to four lanes. Today, ADT measure is 22,000 vehicles along Moller Road and 12,900 along Moller Way, an adjoining roadway segment. The ADT for these road segments is projected to reach 29,000 vehicles and 17,000 respectively by 2020. Roadway improvements to address this demand and improve the level of service include widening the pavement and bridge to a four-lane section with exclusive left turns as required and necessary traffic signal upgrades at Pike Plaza and Moller Way. Storm sewer improvements and new sidewalks on the south side of Pike Plaza from Moller Way to

Lafayette Rd are also included in the project in order to address storm water issues mentioned previously and to improve pedestrian access.

Originally constructed in 1961, widened in 1988/1989, and continually demanding maintenance of the 40-plus year old pavement, the 38th Street corridor will be totally reconstructed in 2008. New curbs, new sidewalks, new drive approaches, median improvements, traffic signal upgrades at nine intersections, and deck replacement on the bridges over Conrail will also be included in this project. These enhancements will improve multi-modal transportation access. The project is currently in the design phase and will be bid in January of 2008.

Improved On-Site Lighting

During the site review process, it was noted that the LSA suffers from a need for improvements to on-site lighting. The existing retail lighting is deteriorated and does not reflect modern design parameters. Aesthetic improvements would result from the replacement and enhancement of on-site lighting. This improved lighting would result in a substantial reduction in the visual impact of blight in the LSA and reduce light pollution that causes glare and compromises visibility.

III. Environmental Contamination

Regulatory findings of environmental contamination are not documented in the LSA. However, as a result of previous uses, the LSA may contain one or more “brownfields” on the vacant sites described previously. The Environmental Protection Agency (EPA) defines a brownfield site as any “real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or *potential presence* of a hazardous substance, pollutant, or contaminant.”²⁵

The EPA describes typical brownfield sites²⁶ and corresponding practices, which make contamination highly probable in the LSA at one or more former gas stations and several vacant automobile service facilities.

Gas Stations - Gas stations consist of pump islands, underground storage tanks (UST) for storing the fuel, small storage areas, and service areas (which typically contain either hydraulic lifts or pits) for changing automobile engine oil and other maintenance activities. Gasoline and diesel fuel is transferred from bulk tank trucks to large USTs. The primary contaminants of concern at gas stations include petroleum hydrocarbons, benzene, and other BTEX compounds. Service areas typically have small containers of ethylene glycol, hydraulic oils, lubricants, automotive batteries (lead and acid), and compressed gas cylinders from welding operations (especially acetylene and oxygen). Surface soils may be contaminated from historical spills or dumping of used lubricants, coolants, and cleaning solvents from service activities. Subsurface soils and groundwater, especially in the vicinity of USTs, may also be contaminated from spills, overfilling, and leaks.

Paint Shops/Auto Body Repair - Paint shops and auto body repair shops fix truck and automobile body parts or paint various plastic and metal products. Damaged auto body parts are replaced or repaired with fillers, then sanded, primed, and painted. These shops may also use cutting torches, welding equipment, solvents and cleaners, fiberglass, various polymers and epoxy compounds, and sand or grit blasting operations. Gasoline

²⁵ Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601).

²⁶ Technical Approaches to Characterizing and Cleaning up Brownfields Sites

<<http://www.epa.gov/ORD/NRMRL/Pubs/625R00009/625R00009.htm>>. Accessed on 04/21/04.

and diesel from vehicle fuel tanks, solvents, cleaners, acids, and paints may leak or spill to contaminate underlying soils and groundwater. Typical contaminants include toluene, acetone, perchloroethylene, xylene, gasoline and diesel fuel, carbon tetrachloride, and hydrochloric and phosphoric acid.

The uncertain environmental condition of many of these abandoned or idled properties leads to blight and stagnation. According to real estate attorney Heather A. Wyman, several obstacles are worth noting because of their impact on redevelopment.²⁷ The primary redevelopment obstacle to these brownfield type areas is liability. Prospective developers are concerned that they will be held liable for the costs associated with environmental cleanup under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Section 107 of CERCLA imposes liability for costs associated with environmental cleanup of contaminated sites on four classes of persons: owners, operators, generators, and transporters. Those facing liability for costs under CERCLA include present owners or operators of a facility, even if they did not contaminate the site. As a result of the potential liability, developers may be hesitant to use a brownfield site, and banks may be reluctant to provide funds for this type of development.

A second major obstacle to brownfield redevelopment is financing, since brownfields are potentially more expensive to redevelop than greenfield real estate projects. A third obstacle is obtaining site control or clear title to the property. In addition to an unwilling seller fearful of liability, many brownfield properties are tax delinquent or burdened with liens, and the title may remain in the name of a defunct company. The significant number of vacancies in the LSA resulting from corporate consolidation and the bankruptcy of major retailers makes this scenario probable. Therefore, the three factors discussed limit the redevelopment prospects for the vacant brownfield sites identified in the LSA.

IV. Deterioration of Improvements

Field review of the LSA indicates that parking lots need re-paving, re-striping, and renewed maintenance of landscaping. In some areas signage is damaged and should be addressed. Vacant and abandoned buildings exist throughout the area, with many secondary signals of deterioration evident, such as broken windows, graffiti, broken/inoperable lighting, and other clutter that detracts from the visual character.

Signage

In the LSA, temporary and permanent signs that are of poor quality of design often degrade the visual character. The quality and standards for signage have a tremendous impact on the perception of a community. This phenomenon is directly related to the investment image of a community. Poor signage conditions that convey economic decline are structural dilapidation, excessive size, an excessive number of signs, cheap or inappropriate materials, and poor quality of design.

Character of Occupancy

The LSA is suffering from a decline in the character of occupancy, including the following:

²⁷ Wyman, Heather A. Managing Transactions to Minimize Risk: The Buyer's Perspective. Buchanan Ingersoll, Attorneys at Law.
<http://library.lp.findlaw.com/articles/file/00323/006411/title/Subject/topic/Commercial%20Law_Warranties/filename/commerciallaw_1_59>. Accessed on 06/28/2004.

- payday loan operations;
- adult dance clubs; and
- adult video stores.

These types of occupancy harm the viability of the area by making it appear unwelcome and unsafe to families, neighbors, and shoppers. Additionally, the blighted appearance and lack of care given to some properties negatively influence property values. It is a phenomena in developed urban retail areas to find combination payday loan/liquor stores and adult entertainment establishments moving into an area with increasing rates of vacancy and declining occupancy.

These uses harm the character of an area and make it unappealing for other types of retail. By their very nature these businesses have serious objectionable characteristics and a deleterious impact upon property values and the quality of life in surrounding areas. In the case of adult entertainment, state and local governments regulate the operation of such businesses under their jurisdiction to ensure that these adverse externalities will not contribute to the blighting or downgrading of adjacent neighborhoods nor endanger the well-being of the youth in their communities. Even so, the community character is harmed by the presence of such establishments.

Age

The age of structures in the LSA is an obstacle to redevelopment. The majority of the development in the LSA lacks traditional historic character; most construction is post-1960. To well-capitalized retailers these retail spaces are obsolete because of their size and age, which requires significant maintenance investments. Start-up retail, especially restaurateurs, frequently occupy these spaces. These restaurants contribute to retail activity and marginally to the tax base, but seldom add to the visual character of the area. Furthermore, the pre-dominant architectural type in the LSA is concrete block construction, with steel truss roofs – the simplest, least expensive construction possible. Such buildings, if not maintained to the highest standards, dilapidate quickly when exposed to periods of disinvestment and deferred maintenance. In these cases, the issue of “age” is applied as a blighting influence.

V. Other Factors

The LSA suffers from another major deterrent to redevelopment not discussed elsewhere in this application. In public meetings for both the Lafayette Square Area Plan and this CRED proposal, local residents, local businesses, and real estate developers spoke of negative public safety perceptions as an impediment to the redevelopment of the area.

Perception of Public Safety

The success of retail districts is closely linked to public safety and the perception of public safety. A diverse body of literature on retail location siting describes the adverse impact that poor public safety perceptions and incidence of crime have on retailers’ profit margin. Research by the International Council of Shopping Centers and Business for Social Responsibility substantiates the impact of poor public safety perceptions on retail development decisions. The two groups authored a report in July 2002 to understand and address the difficulties of retailers

locating in underserved urban markets.²⁸ Although the LSA does not represent an underserved market in the sense of the report, the detriment caused by public safety perceptions is applicable to the area. A survey of real estate developers reported in this work indicate that “it is past history and/or the perception of crime rather than actual current crime statistics that motivate or influence development decisions.”

Consumers are unwilling to venture into public places when they are fearful of harm. Crimes against persons and property are especially important to retailers as they seek to serve the community and maximize profit, because personal and property crimes have a significant impact on this willingness to shop. Furthermore, in high crime areas, profits are lower and it is more difficult to recruit employees and attract customers to a location. As in any community, crime exists in the LSA. However, a review of past criminal incident reports from January-June 2002, demonstrates that the LSA is comparable to other major retail activity centers. Therefore, the LSA is adversely affected by perceptions of danger and victimization, not relatively higher crime rates. It is the fear of being victimized or disturbed that causes a shopper to stay home or go elsewhere.

Wilson and Kelling, in their landmark essay *Broken Windows: The Police and Neighborhood Safety* discuss the subconscious fear that keeps citizens at home. “Many citizens, of course, are primarily frightened by crime, especially crime involving a sudden, violent attack by a stranger.... But [society] tends to overlook another source of fear—the fear of being bothered by disorderly people. Not violent people, nor, necessarily, criminals, but disreputable or obstreperous or unpredictable people.”²⁹ In the LSA these obstreperous people are rowdy teenagers and loiterers. The disorder caused by persons not respecting community social norms is inextricably linked to crime, according to Wilson and Kelling. Although statistics show a pattern of crime in the whole of the LSA and surrounding communities that is similar to other regional shopping areas, the perception among planning group attendees (including residents, developers, real estate brokers, and area professionals) is that danger is imminent.

²⁸ Stewart, Cynthia and Morris, Alex. Development in Underserved Retail Markets: A summary of a discussion of the challenges and recommendations for improving the process of retail development in underserved, urban markets. International Council of Shopping Centers and Business for Social Responsibility. July 2002. <<http://www.franchise.org/em/mif/Research.asp>>. Accessed on 08/04/2004.

²⁹ Wilson, James Q. and Kelling George L. Broken Windows; *The Atlantic Monthly*; March 1982; Volume 249, No. 3; p. 29-38.

SECTION THREE – ASSETS FOR REDEVELOPMENT

With this proposal for CRED designation, Indianapolis seeks to reinvigorate the economic climate of the LSA by building on the area's assets, addressing the obstacles to redevelopment, and leveraging local investments. Outlined below are the assets of the LSA that make it a good investment for local developers and, by its selection as a CRED, for the State of Indiana.

The LSA has numerous advantages, which offer promise for successful revitalization. These assets include:

- a strong base of neighborhood residents and workers and significant traffic flow, providing a diverse market for retail goods and services (see Appendix Two);
- an improving climate for commercial real estate investment;
- substantial presence of major real development expertise;
- highly visible parcels of undeveloped land; and
- a central location and convenient access from most parts of the City and from I-65 and I-465;

Diverse Market

The LSA is over-dependent on retail land uses; therefore, this application outlines a long-term vision to counterbalance this dependence. Nevertheless, retail will continue to play a role in the LSA and as such there are a number of positive demographic characteristics and non-traditional indicators of a strong retail market that benefit the area. A growing foreign-born population, especially Hispanic residents, provides opportunities to target niche markets. These market opportunities will be important in the revitalization of the area. Additional detail about demographic trends and the retail landscape for the LSA are discussed at length in Appendix Two— *Retail Development Landscape and Success Indicators*.

Economic Climate

Commercial real estate investment is affected by economic growth, as represented by the gross domestic product (GDP), and private enterprise incentives represented by business profits. According to the Indiana Business Review, corporate profits are expected to rise nine percent in 2004.³⁰ The Colliers Turley Martin Tucker Commercial Real Estate Market Report offers an optimistic view of national indicators of economic growth. The Market Report outlines the following positive national indicators for commercial real estate investment:

- Real GDP increased in the first three quarters of 2003 (1.4 percent- first quarter, 3.1 percent- second quarter, 8.2 percent- third quarter).
- Corporate profits rose to \$816.5 billion at the end of the first quarter, rose another 9.9 percent in the second quarter, and 11.8 percent in the third quarter.
- Non-residential investment in structures and equipment rose 7 percent in the second quarter and 12.8 percent in the third quarter of 2003.³¹

³⁰ Boquist, John A. and Sartoris, William L. Outlook 2004: Financial Forecast. *Indiana Business Review*, Vol. 78, No. 4. Indiana Business Research Center. <<http://www.ibrc.indiana.edu/ibr/2003/outlook04/finance.html>>. Accessed on 05/03/2004.

³¹ Colliers, p. 2.

The Indiana Business Research Center at the Kelley School of Business, Indiana University in December 2003 reported an optimistic national economic forecast for 2004. Positive indicators in this forecast that benefit the LSA are the following:

- growth in GDP (adjusted for inflation) is expected to approach 4 percent;
- the unemployment rate in the nation should return to 5.5 percent by the end of the year; and
- consumer spending will continue to support the expanding economy, with auto sales once again exceeding 17 million units.

The Federal Reserve Beige Book for April 2004 records elements of this positive forecast coming to fruition for Indiana. The Beige Book discusses improvements in consumer spending in the Chicago District, which includes Indiana. According to the Beige Book, “a contact with one national department store chain said that sales gains so far this fiscal year were in the low double digits, above their expectations. These gains were driven primarily by strong sales of home-related items as well as a notable pickup in women’s apparel and accessory sales.”³² The Beige Book concludes, “A large regional discounter said that food and other nondurables were selling well.”³³

This recent reporting by the Federal Reserve bears out the Indiana Business Research Center’s hypothesis, “If positive national factors are realized, Indiana will reverse its employment decline and add more than 25,000 jobs in 2004, lowering its unemployment rate to below 5 percent.”³⁴

Presence of Real Estate Development Expertise

Preliminary field research indicates that a substantial proportion of the commercial real estate in the LSA is owned and/or managed by well-capitalized real estate developers with the creative and expertise necessary to comprehend and act on development opportunities, thereby protecting and enhancing existing real estate investments. This ownership is preferable to highly fragmented individual ownership because of the ability to act more quickly. The potential for achieving meaningful redevelopment is substantially increased where this type of ownership and development expertise is present.

Opportunities for Development

As stated earlier in this application, the LSA has over-developed corridor frontage to the exclusion of interior parcels. This frontage development with a hollow interior presents

³² The Federal Reserve Board. Summary of Commentary on Current Economic Conditions by Federal Reserve District: Seventh District: Chicago. *Beige Book*. 2004. Washington D.C.

<<http://www.federalreserve.gov/fomc/beigebook/2004/20040421/7.htm>>. Accessed on 03/18/04.

³³ Ibid.

³⁴ Indiana Business Research Center . Economists Optimistic for 2004. *INCONTEXT*, Vol. 4, No. 6, November-December 2003. Indiana Business Research Center.

<<http://www.ibrc.indiana.edu/ibr/2003/outlook04/finance.html>>. Accessed on 05/03/2004.

opportunities for redevelopment. The auto auction site mentioned previously is one such redevelopment opportunity. Several other opportunities are described in Appendix One.

Excellent Access to I-65 and I-465

The proposed LSA has excellent access to two separate portions of the interstate highway system at I-65 (Lafayette Road and 38th Street), as well as I-465 (at 38th Street, approximately 0.5 miles west of the proposed CRED area). This presents the LSA with 2-3 separate gateways that offer access to regional markets. Access to these interstate highway corridors amplifies the excellent transportation access afforded by 38th Street and Lafayette Road.

SECTION FOUR – PLAN FOR THE REVITALIZATION OF THE LSA

As previously discussed, the LSA exhibits characteristics of suburban retailing, but is surrounded by urban and first-tier suburban development with greater levels of density. The plan for revitalization of the area addresses this predominant suburban retail disposition, while acknowledging nearby urban and suburban residential development. This housing and its residents are an asset and potential market for retailers and other businesses locating in the LSA (see appendix two for details). This plan for revitalization is set forth in accordance with IC §36-7-13-11(3).

The long-term planning and redevelopment strategy for the LSA is to improve the visual character of the area and reduce the major reliance on retail development by promoting a connected mixed-use community that knits together the business district and surrounding neighborhoods. The revitalized LSA will be a physically and economically attractive magnet for commercial and retail investment, nearby residential expansion, and business growth.

As a suburban retail district, the LSA is similar to many such districts across the country; it is built on a standard design and model of retail development. As such it is undifferentiated, lacks a unique identity, and seems frozen in a bygone era. This standardization also means that Indianapolis is not alone in its need to redevelop idle land and buildings, reconnect a suburban business district to customers, and create places that draw residents to live, work, and shop. The revitalization of the area will only occur if a critical mass of citizens choose to live and work near the area and patronize its retail conveniences.

The Urban Land Institute (ULI), working with planning and development experts from the public and private sector, has identified a set of principles for reinventing America's suburban business districts, like the LSA, that champion the essence of real estate development: place making.³⁵ The ULI describes a "place making dividend" as the "intrinsic value that accrues to a community when districts possess a strong sense of place that in turn results in high levels of repeat visits, increasing rents, retail sales, leasing demand, and capital value. Such a dividend occurs when individual real estate projects are so well designed and interconnected that they work as one integrated place."

The designation of the CRED in the LSA will revitalize the area by building on its assets and history while drawing new uses and residents to participate in the revitalization. The revitalized LSA will maximize the place making dividend to generate a "new form of community building that relies on both the vertical and horizontal integration of office, retail, residential, and community uses through the creation of places that [residents] find so special and irresistible that they visit them again and again, invest in them, or choose them to reside...."³⁶

Plan Implementation

The IACID and the City of Indianapolis will take an active role in the implementation of this plan. These entities will focus on developing strategic partnerships with other public, private and

³⁵ Booth, Geoffrey, et al. Ten Principles for Reinventing Suburban Business Districts. Washington, D.C. Urban Land Institute. 2002.

³⁶ Ibid.

non-profit institutions that have a stake in the redevelopment of the area. These partners, including Indianapolis Economic Development (IED), the Lafayette Square Business Alliance, and the Indianapolis Private Industry Council (IPIC) will work to promote the area, exploit opportunities for redevelopment and overcome the obstacles that hamper revitalization and enhancement of the area.

The City of Indianapolis, through its Department of Metropolitan Development and Mayor Bart Peterson's office, works closely with the IED team in the retention and expansion of existing businesses and attraction of new companies to Indianapolis. IED's experienced team of economic development professionals provides assistance to new businesses looking to locate or expand in the LSA. While serving as an advocate for the local business community, the organization brings together public and private partner for economic growth.

In an effort to bring together business leaders who will generate solutions and commit resources to economic development issues affecting the greater LSA, the Indianapolis Chamber of Commerce has joined with businesses in the area to form the Lafayette Square Area Business Alliance (LSABA). The LSABA promotes the area as a comfortable, convenient and economically stable place for businesses and customers alike, provides networking and civic opportunities for area businesses and disseminates information to area businesses. The experience and expertise of businesses located in the LSA will provide on-the-ground support to new businesses and help shape the future of the area.

The goals of the Lafayette Square Area Business Alliance include:

- promoting the area as a comfortable, convenient and economically stable place for businesses and customers alike;
- providing networking and civic opportunities for area businesses;
- collectively influencing community projects; and
- disseminating information to area businesses.

The IPIC is a business-led organization serving as advisor, advocate, and agenda setter for workforce development by integrating resources and leveraging funding based on the needs of employers and job seekers. IPIC oversees the local WorkOne centers that provide unemployment insurance assistance, job-matching services, and training programs for adults and dislocated workers. These centers are supported by federal and state funds. The centers promote continued coordination between multiple services and service providers in a common location through a one-stop center. A consortium of workforce agencies including the Indiana Department of Workforce Development, Family and Social Services Administration (FSSA) Office of Vocational Rehabilitation Services, FSSA Office of Families and Children, and Goodwill Industries, provide services through the WorkOne centers.

CRED Revitalization Goals

Incremental revenue and income tax credits are two economic development tools provided by the CRED designation. The IACID will use incremental revenues to complement revitalization strategies first considered by the Lafayette Square Area Plan and described in more detail below. By the adoption of this plan and its criteria for tax-credit qualified investment, the IACID will spur private investment in the LSA. With the benefit of the CRED designation, the IACID will leverage resources and apply these tools to attract and retain businesses that create jobs. The

IACID will address the area's development obstacles by achieving the following revitalization and enhancement goals.

Goal I - Eliminate obsolete buildings that create an economic and social liability for the Lafayette Square Area.

Strategies

1. Eliminate dilapidated, unsafe, and economically obsolete buildings through demolition where it is deemed appropriate.
2. Encourage the upgrade and reuse of existing substandard and obsolete structures through enforcement of the housing and building codes and the provision of financial incentives for rehabilitation.
3. Improve the visual character of the area by eliminating unsanitary and unsightly conditions through enforcement of the City's health and zoning codes.
4. Eliminate nonconforming uses that detract from the character of the community, hindering investment opportunities, through negotiation, acquisition, exchange, transfer of development rights, or any other available means in cooperation with the property owner.
5. Create partnerships with local and national real estate developers who demonstrate an interest and have expertise in achieving the revitalization vision of the LSA.

Goal II - Provide the necessary utility infrastructure at acceptable levels of service to accommodate existing needs as well as new demands as proposed development occurs within the Lafayette Square Area.

Strategies

1. Work with all appropriate government and private utilities to ensure the provision of adequate services including electricity, telecommunications, water, storm water, sanitary sewer, gas, and solid waste.
2. Comprehensively assess existing infrastructure conditions to identify specific needs for upgrading older systems in conjunction with proposed improvements to Lafayette Road and 38th Street.

Goal III - Create a safe, efficient traffic circulation system that provides sufficient access by all modes of transportation between activity centers within the Lafayette Square Area and the balance of the community.

Strategies

1. Assess existing traffic patterns and pursue any automotive transportation improvements, either in the public right-of-way or on private property to increase traveling convenience in the LSA.
2. Minimize the impacts of increased traffic and activity levels on nearby residential areas.
3. Create a safe, secure, appealing, and efficient pedestrian system linking all major activity centers, parking facilities and other interchange points.
4. Construct sidewalks, where appropriate, that are separated from auto circulation for safety purposes. Sidewalks should be used as positive tools to improve the visual character through the use of landscaping and other visual treatments.
5. Advocate for additional public transit to serve the area.

Goal IV - Provide for the public health, safety and welfare of the community to increase street activity and counter negative perceptions about the Lafayette Square Area.

Strategies

1. Continue the work begun by the Indianapolis Police Department and Marion County Sheriff's Department and other organizations to implement neighborhood-based police and safety programs.
2. Incorporate safe neighborhood design strategies for proposed public and private redevelopment projects. These strategies include the control of spaces by natural access, street activity to create surveillance, a sense of proprietorship or ownership in the security of the environment by users, property management strategies that support personal interaction and communication, maintenance and upkeep of properties, and support for legitimate activity.
3. Create an Indianapolis Police Department sub-station at the Lafayette Square Mall to increase the visibility of a police presence.
4. Through the Lafayette Square Business Alliance create a closer working relationship with local business owners and law enforcement.
5. Coordinate the work of private security companies that are contracted by individual properties. This coordination should lead to increased foot patrols in addition to fast response units.

Goal V - Promote the economic vitality of the Lafayette Square Area

Strategies

1. Capitalize on the dialogue created by the establishment of the IACID to continue communication between the public and private sectors for the purpose of understanding the mutual benefits of proposed redevelopment projects.
2. Connect existing businesses to established programs to improve and strengthen marketing and promotion.
3. Provide financial capital in the form of small business loans and other incentives.
4. Improve the investment image of the LSA by stimulating private investment to follow public actions, such as the establishment of the CRED and infrastructure investment.
5. Work closely with area businesses, the Lafayette Square Business Alliance, and Chambers of Commerce to address the needs of existing businesses through the redevelopment process.
6. Work closely with the Indianapolis Private Industry Council and Chambers of Commerce to understand the local labor market, train willing workers, and connect workers to job opportunities paying a competitive wage.
7. Educate LSA businesses about the services provided by the Indianapolis Private Industry Council and advocate for local resident hiring policies.
8. Attract major new anchor business enterprise and non-retail institutions to the LSA that will provide jobs, housing or both and generate an around the clock vibrancy.

Goal VI - Prevent the future occurrence of slum and blight.

Strategies

1. Work with City staff, Metropolitan Development Commission, and IACID to implement regulatory policies in the CRED to encourage a high degree of design and development standards for new construction and rehabilitation. Ensure that new development consists of appropriate land uses that will stabilize and enhance the area while representing the desires and interests of area residents and property owners.
2. Facilitate new investment in the district to increase the tax base by using the CRED tax credit and other tax incentives that lead to development and property rehabilitation.

Goal VII - Encourage the reuse of those properties that, by virtue of their location, condition, or value, no longer function at their highest potential economic use.

Strategies

1. Identify and cooperate with those property owners within the CRED for redevelopment projects to assess their willingness to participate in those projects.
2. Encourage partnerships among the property owners, the private sector, and the public sector in order to implement proposed redevelopment projects that will achieve public goals.
3. Develop relocation plans to protect the investment of existing businesses when it is necessary for them to move for successful reuse of a property.
4. Work creatively to provide incentives for private sector participation in redevelopment projects and programs.

Goal VIII - Using the Lafayette Square Area Plan, establish a land use pattern that reflects the area as a community of diversified interests and activities, while promoting compatibility and harmonious land-use relationships.

Strategies

1. Develop land uses and patterns that create and strengthen activity centers.
2. Encourage mixed-use development at an appropriate scale in the area.
3. Work with existing property owners to replace dilapidated, nonconforming structures through property assembly to enable development of higher and better uses at appropriate locations.
4. Work with existing property owners and area residents to implement design standards that contribute to the visual character of the LSA for building renovations, façade improvements, and new construction.
5. Prepare landscaping, streetscaping, and lighting plans for new development to improve the visual character of the area.
6. When undertaking streetscape improvements, new private construction, and building rehabilitation, place utility lines underground where it is feasible to improve visual qualities and remove impediments to safe pedestrian access.

Use of Industrial Development Fund Incremental Revenues

To achieve the goals outlined above; the IACID will make expenditures from CRED incremental revenues as outlined at IC §36-7-13- 3(e) and IC §36-7-13-12.1(b). Revenues may be used for the above strategies but will be targeted to the following purposes.

Acquire and Remove or Reuse Obsolete Buildings

The IACID will identify vacant obsolete buildings that blight the LSA. The City of Indianapolis and the IACID will work with property owners to reuse these structures to the highest and best use or clear them to make way for new development. Create an environment where property owners find it profitable to improve and maintain their property.

Streetscape & Landscape Improvements

Creating a sense of place with a strong visual character that is appealing and attractive to residents, workers and shoppers will require streetscape and landscape improvements to convey activity and add color to the corridor. The IACID will direct incremental revenue to the improvement of major pedestrian and vehicular corridors throughout the area. These improvements may include tree planting along roadways, decorative lighting, street furniture, and the creation of greenspace.

The City of Indianapolis made significant streetscape investment previously; much of this investment is present and visible today. Previous investment will be leveraged by the enhancement of these improvements and the connection to other CRED plan goals to improve visual character. Where major construction is planned along area corridors, the IACID, in partnership with the City of Indianapolis will determine the necessity of total reconstruction and replacement of streetscapes, or the revitalization of previous investments as warranted.

Improved Safety and Sense of Security

The LSA is adversely affected by perceptions of danger and victimization, which are detriments to redevelopment. A sense of personal safety and security must be restored in the LSA if it is to prosper again. The means to overcome these negative perceptions are to create public spaces where people interact and there is a buzz of activity that deters inappropriate behavior and loitering is minimized. Whether streets or places of business, self-policing is a primary means of public safety. The IACID will direct incremental revenue to support programs that increase street activity, prevent crime through collaboration, communicate positive messages about the area, and incorporate safe neighborhood design strategies.

Image Enhancement

The LSA suffers from an image and reality of disinvestment. The perception that the area is no longer a viable investment is perpetuated by the loss of major and secondary tenants. Working with Indianapolis Economic Development and the Lafayette Square Business Alliance, the IACID will promote the positive attributes of the area outlined previously. The IACID will direct incremental revenue to support a comprehensive market analysis and the development of a marketing plan that conveys an optimistic message about the area's future based on the vision of this plan. Specific strategies in this marketing plan will describe the opportunities for redevelopment, and promote available incentives.

Qualified Investments Income Tax Credit

Businesses will be made aware of the CRED tax credit to spur reinvestment in the area and to generate quality jobs. The intent of the CRED tax credits is to provide incentives that lower the cost of investment in the redevelopment or rehabilitation of property located in the LSA. Strategic utilization of the tax credits by the IACID will increase opportunities for gainful employment, attract new business enterprise to the area, and retain or expand significant business enterprise.

The IACID will support an application for CRED state income tax credits by businesses meeting the criteria for qualified investments as defined by the eligibility criteria contained herein. These eligibility criteria reflect both the requirements codified at IC §6-3.1-19 and criteria set forth by the IACID to achieve economic and quality of life benefits for the LSA.

According to statute, a business will not be eligible for CRED investment tax credit if it reduces or ceases operations in Indiana in order to relocate operations to the district, unless the business already has existing operations in the CRED, and the operations are an expansion of the businesses' operations, as represented by a net increase in employment or net increase in sales. Businesses seeking any economic assistance available as a result of the CRED designation will be required to enter into an agreement with the IACID and the City of Indianapolis.

Criteria for CRED Tax Credits

Businesses meeting the qualified investment criteria will be eligible to apply for CRED investment tax credits under IC §6-3.1-19. Qualified investments means the amount of a tax payer's expenditure that is:

1. for redevelopment or rehabilitation of property located within the LSA community revitalization enhancement district;
2. made for the purposes described in this plan adopted by the IACID; and
3. approved by the Indiana Department of Commerce before the expenditure is made.

Redevelopment or rehabilitation means expenditures to construct, reconstruct, or repair public ways, sidewalks, sewers, drains, fences, or buildings, and to do all other things that would enhance the value of real property and contribute to the visual character of the LSA. In addition to meeting the criteria for redevelopment or rehabilitation of vacant and/or underutilized parcels within the LSA CRED, businesses seeking CRED tax credits must contribute to significant increases in the area's sales and/or income tax base. Increases in the tax base are those projects that increase employment at the wage levels described below and/or generate significant levels of taxable sales and/or increase a property's assessed value.

Wages

To be eligible to apply for CRED state income tax credits, a business must increase net full-time-equivalent (FTE) employment in the district at wage levels that are no less than the average weekly wage (as published by the Indiana Department of Workforce Development) paid by employers in the applicant's industry sector in the reporting period. Businesses applying under these criteria will make a good faith effort to hire residents of distressed areas near the LSA.

If a business proposes to create up to ten (10) new jobs, qualified investment will not exceed one million dollars (\$1,000,000) based on an applicant's eligible expenditures. If a business proposes to create 11-25 new jobs, qualified investment will equal two million dollars (\$2,000,000). If a business proposes to create more than 25 new jobs, qualified investment will equal the full amount of the business's eligible expenditure for redevelopment in the district.

If data is not available from the Department of Workforce Development for the applicant's wage level by industry or a consensus does not exist between the IACID and the applicant as to the industry sector, the North American Industry Classification System (NAICS) will be utilized. The IACID is the final arbiter of industry classification for purposes of application.

New net employment at this wage level must be maintained for a period determined by the IACID.

Sales

In lieu of meeting the wage or hiring benchmark described above, a business may become eligible to apply for state income tax credits if the applicant increases net taxable sales for operations occurring in the CRED by a minimum of two million dollars (\$2,000,000) annually.

Other

In redeveloping greyfield sites in the LSA, it is the intent of the IACID to consider projects that increase a property's assessed value and improve the visual character of the area. To that end,

the commission will look favorably on redevelopment that addresses the following building design elements.

- Facades should be created to reduce massive scale and the uniform, impersonal appearances of large retail buildings. The intent is to encourage a more human scale that residents and consumers in the LSA will be able to identify with their community. The resulting scale will ensure a greater likelihood of reuse of a structure by subsequent tenants.
- The presence of smaller retail stores gives a center a “friendlier” appearance by creating variety, breaking up large expanses, and expanding the range of the site’s activities. Windows and window displays of such stores should be used to contribute to the visual interest of exterior facades.
- Buildings should have architectural features and patterns that provide visual interests, at the scale of the pedestrian and which reduce massive aesthetic effects. Elements generating visual interest include color change, texture change, material module change, or expression of architectural or structural bay.
- Variations in rooflines should be used to add interest to large buildings and reduce their massive scale. Roof features should complement the character of adjacent neighborhoods.
- Exterior building materials and colors comprise a significant part of the visual impact of a building. Therefore, they should be aesthetically pleasing and made of high quality materials including but not limited to brick, wood, sandstone, other native stone, or tinted, textured, concrete masonry units.
- Entryway design elements and variations should give orientation and aesthetically pleasing character to the building.

In line with the building design elements above, the Commission will consider the following site design and relational aspects of redevelopment.

- Large retail buildings should feature multiple entrances. Multiple building entrances reduce walking distances from cars, facilitate pedestrian and bicycle access from public sidewalks, and provide convenience where certain entrances offer access to individual stores, or identified departments in a store. Multiple entrances also mitigate the effect of the unbroken walls and neglected areas that often characterize building facades that face bordering land uses.
- Parking areas should provide safe, convenient, and efficient access for vehicles and pedestrians. They should be distributed around large buildings in order to shorten the distance to other buildings and public sidewalks and to reduce the overall scale of the paved surface. If buildings are located closer to streets, the scale of the complex is reduced, pedestrian traffic is encouraged, and architectural details take on added importance. Where feasible, connections to adjacent uses should be created and parking shared.
- Buildings should incorporate surrounding land uses and be accessible from multiple sides. The rear or sides of buildings often present an unattractive view of blank walls, loading

areas, storage areas, HVAC units, garbage receptacles, and other such features. Architectural and landscaping features should mitigate these impacts.

- Loading areas and outdoor storage areas exert visual and noise impacts on surrounding neighborhoods. These areas, when visible from adjoining properties and/or public streets, should be screened, recessed or enclosed. While screens and recesses can effectively mitigate these impacts, the selection of inappropriate screening materials can exacerbate the problem. Appropriate locations for loading and outdoor storage areas include areas between buildings, where more than one building is located on a site and such buildings are not more than 40 feet apart, or on those sides of buildings that do not have customer entrances.
- Pedestrian and bicycle accessibility opens auto-oriented developments to the adjacent uses, thereby reducing traffic impacts and enabling the development to project a friendlier, more inviting image.
- Buildings should offer attractive and inviting pedestrian scale features, spaces, and amenities. Entrances and parking lots should be configured to be functional and inviting with walkways conveniently tied to logical destinations. Bus stops and drop-off/pick-up points should be considered as integral parts of the configuration. Special design features such as towers, arcades, porticos, pedestrian light fixtures, bollards, planter walls, and other architectural elements that define circulation ways and outdoor spaces should anchor pedestrian ways. The features and spaces should enhance the building and the center as integral parts of the community fabric.

Qualified Investment Determination

To make a determination of qualified investment as to the previous criteria, the following factors will be considered.

- Whether the estimate of the value of the proposed Project is reasonable for projects of that nature.
- If applicable, whether the estimate of the number of individuals who will be newly employed can reasonably be expected to result from the proposed Project.
- If applicable, whether the estimate of the annual salaries of those individuals who will be newly employed can reasonably be expected to result from the proposed Project.
- If applicable, whether the Project presents a plan to hire local residents.
- If applicable, whether the estimate of net taxable sales increase can reasonably be expected to result from the proposed Project.
- Whether the Project improves visual character of the LSA and adheres to the suggested design elements.
- Whether any other benefits about which information is requested are benefits that can reasonably be expected to result from the proposed Project.
- Whether the totality of benefits is sufficient to justify the designation as a qualified investment.

A business seeking tax credits must enter into an agreement with the IACID and the City of Indianapolis. This agreement specifies that the applicant business or a business receiving a tax credit assignment (see IC §6-3.1-19-3(c)) will meet the above criteria. Further, if a business enterprise fails to meet the criteria it will voluntarily rescind, reduce, or repay any tax credits claimed under the provisions of this plan.

All applicants granted tax credits will be required to disclose sales tax collection and income tax collections for their business enterprise located in the LSA. This disclosure must distinguish a business enterprise in the LSA from any other business operation or affiliated business enterprises owned by the applicant. The purpose of this disclosure is to determine available CRED incremental revenue in partnership with the Indiana Department of Revenue. Disclosed information will be treated with the strictest security.

SECTION FIVE – CONCLUSION

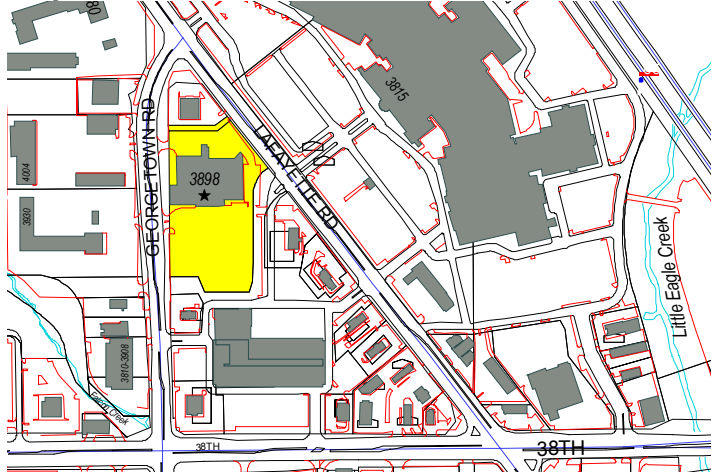

This application for CRED designation outlines a transformative vision for the LSA that achieves the aforementioned goals by articulating both physical and programmatic strategies. It is a vision for a physically and economically attractive magnet for commercial and retail investment, nearby residential expansion, and business growth. The result of this vision will be a safe, viable, and diverse mixed-use community that is visually appealing and bridges physical divisions to reconnect the area internally and with the rest of the City. The LSA CRED will aid this vision by stimulating private-sector interests, fostering public and private sector cooperation, and stimulating a plan for the reuse of the many greyfield sites throughout the area.

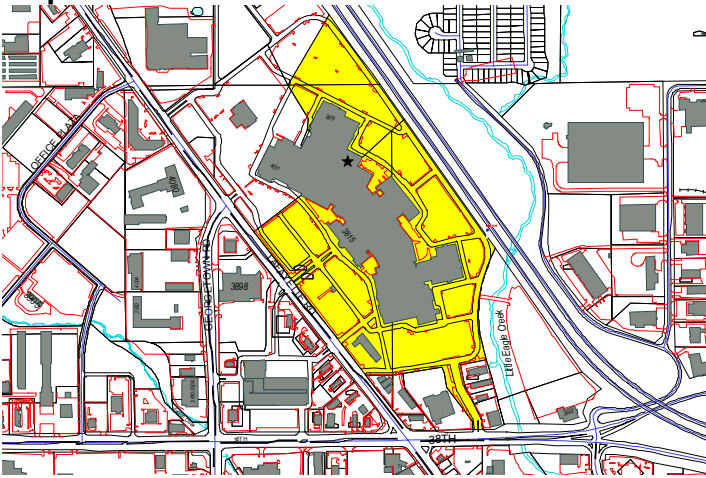

Achieving the proposed vision for the LSA will realize tax base growth, promote significant opportunities for the gainful employment of Indianapolis residents, attract new businesses to the area, and support existing business enterprises by addressing the many obstacles to redevelopment. The CRED tools will make possible property redevelopment that telegraphs new investment opportunity, improves the visual character of the area, and reduces the over-reliance on retail development. High quality development in key locations will transform people's perception of the area and invite exploration. A consistent and coherent land use pattern and streetscape will provide reassurance and predictability, encouraging residents, neighbors and visitors to investigate the options before them. The revitalized LSA will be, to paraphrase Geoffrey Booth, a place that residents and visitors find so special and irresistible that they visit it again and again, invest there, and choose to reside there.

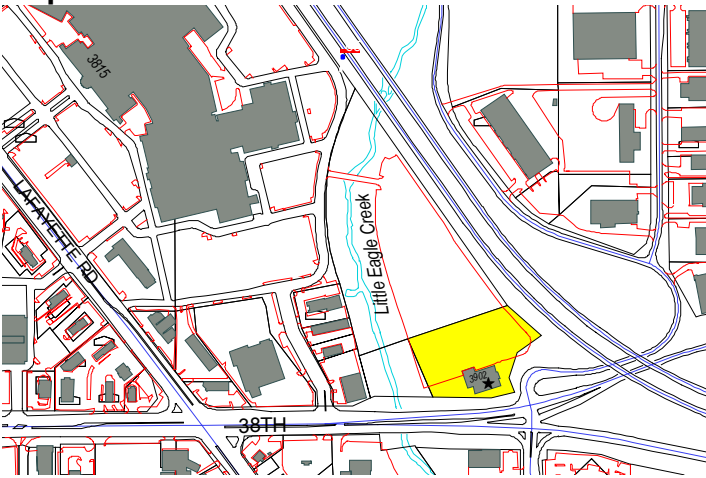

The research, analysis, and coordination initiated by the Lafayette Square Area Plan and enriched during the development of this application in 2003 and 2004 are just the beginning. With the identification of obstacles to redevelopment and a plan for revitalization, the challenge to the citizens, city government and business leaders is to coalesce around efforts that ensure the LSA's long-term success as a vital activity center in Indianapolis. In summary, the problems facing the LSA are not insurmountable; however, decline and disinvestment have momentum and are accelerating. Successfully turning the tide will require a stratified approach, that uses a diverse group of resources, neighbors, advocates, and clear actions all focused toward holistic redevelopment of the area as a unique, vital community.

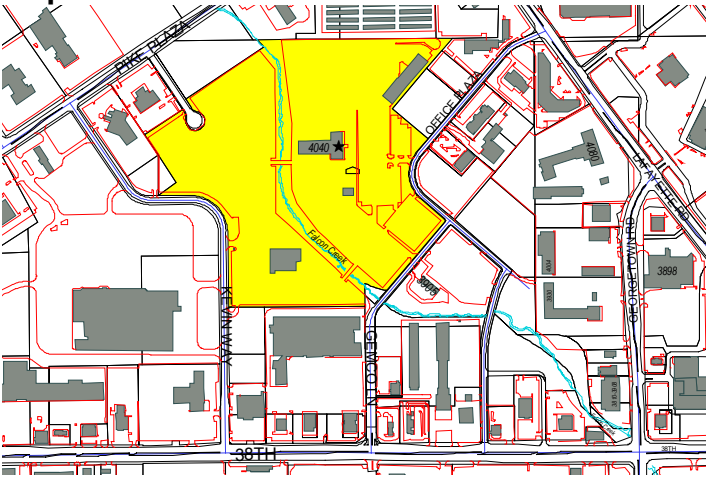

APPENDIX 1

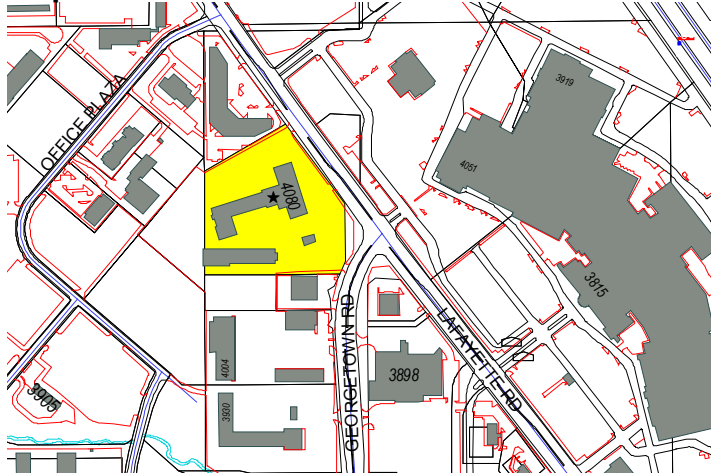

Vacant Sites for Redevelopment

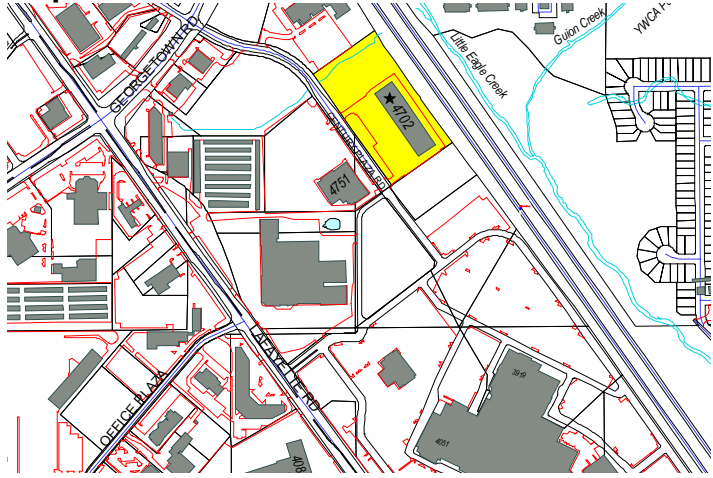

Address	Parcel #	Acreage	Township	Zoning	Former Tenant / Use
3898 Lafayette Rd	6012072	6.8676	Pike	C-5	Cub Foods
Map 			Improvements: Large masonry building, built '83. Large pylon sign; Paved parking Challenges: Building does not face Lafayette Rd. Perceived crime problem in the area. Other vacant buildings in the area. Environment: Unknown Utilities available: Sanitary, Water, Storm, Gas, Electric Zoning/Variance history or issue: Lafayette Square Area Plan 2002-ZON-003 Other Interested Parties: Lafayette Square Area Business Alliance (LSABA) Pike Township Residents Association (PTRA) Broker: Olympia Partners, 264-9400 Owner: The IREX 4, LLC C/o Prime Site Brokers 6650 Telecom Drive Suite 100 Indianapolis, MN 46278		
Photo 			<p>Central location in Lafayette Square area, across from the Lafayette Square Mall. Site is lower than Lafayette Road affording good visibility of the entire site.</p> <p><i>Lafayette Road provides very high traffic counts.</i> <i>Lafayette Rd Daily Traffic Count (1995): 33,706</i> <i>Georgetown Rd Daily Traffic Count (1995): 14,006</i> <i>Strong economic demographics in the area.</i> <i>Located on Indygo Bus route.</i> <i>One of LSABA's Top 4 sites desired for redeveloped.</i></p>		

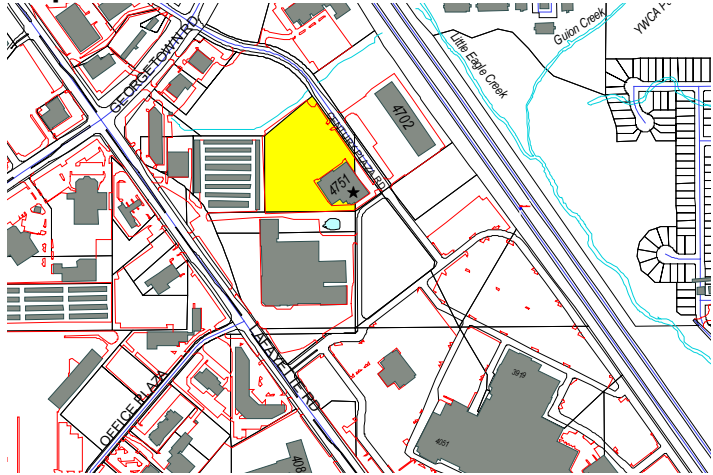

Address	Parcel #	Acreage	Township	Zoning	Former Tenant / Use
3815 Lafayette Rd (inside the Mall)	60000324	27.376	Pike	C-4	Waccamaw retail store within Lafayette Square Mall
Map 	Improvements:		52K sq ft available in recently renovated Regional Mall. Signage available on Large pylon sign & outside façade; Paved parking w/ security		
	Challenges:		Perceived crime problem. Other vacant buildings in the area.		
Photo 	Environment:		None		
	Utilities available:		Sanitary, Water, Storm, Gas, Electric		
	Zoning/Variance history or issue:		Lafayette Square Area Plan (adopted 1999) 99-SE3-3 96-HOV-83 95-HOV-90 93-SE2-2 88-V1-68		
	Other Interested Parties:		Lafayette Square Area Business Alliance (LSABA) Pike Township Residents Association (PTRA)		
	Broker:		Patrick Basche, 291-6391		
	Owner:		Debartolo Realty Partnership PO Box 6120 Indianapolis, IN 46207		
Internal location in Lafayette Square Mall next to Food Court. Good visibility. <i>Owned and managed by Simon Property Group.</i> <i>Mall has excellent I-65 visibility. High traffic counts.</i> <i>I-65 Daily Traffic Count (1998): 63,130</i> <i>Lafayette Rd Daily Traffic Count (1995): 33,706</i> <i>Strong economic demographics in the area.</i> <i>Located on Indygo Bus route.</i>					

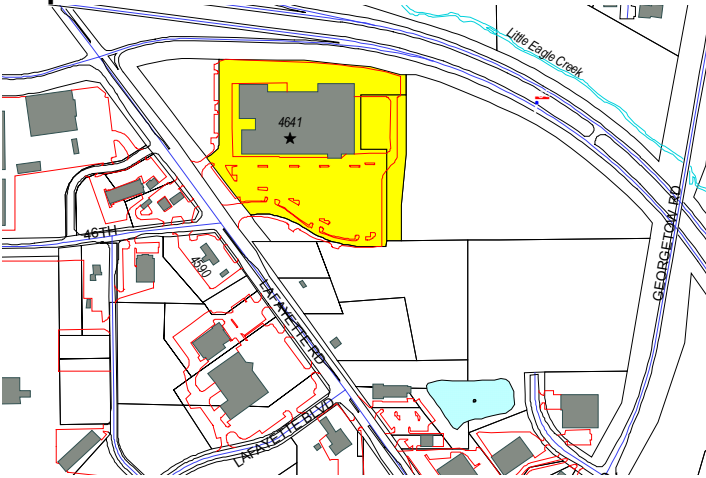

Address	Parcel #	Acreage	Township	Zoning	Former Tenant / Use
3902 W. 38 th Street	60000324	3.52	Pike	C-4	Movie theater
Map 			Improvements:	12K+ sq ft single-use building, built in 1977. Signage available on Large pylon sign along West 38 th St & outside façade; Paved parking w/ security	
			Challenges:	No direct access from West 38 th Street; only access is from backside of Mall lots and across the bridge over Little Eagle Creek. Perceived crime problem. Other vacant buildings in the area.	
			Environment:	None	
			Utilities available:	Sanitary, Water, Storm, Gas, Electric	
			Zoning/Variance history or issue:	Lafayette Square Area Plan (adopted 1999)	
			Other Interested Parties:	Lafayette Square Area Business Alliance (LSABA) Pike Township Residents Association (PTRA)	
			Broker:	Patrick Basche, 291-6391	
			Owner:	Debartolo Realty Partnership PO Box 6120 Indianapolis, IN 46207	
Photo 			Adjacent to Lafayette Square Mall, owned and managed by Simon Property Group. Good visibility from West 38 th Street and I-69 yielding high traffic counts. I-69 Daily Traffic Count (1998): 63,130 West 38 th Daily Traffic Count (1993): 46,477 Strong economic demographics in the area.		

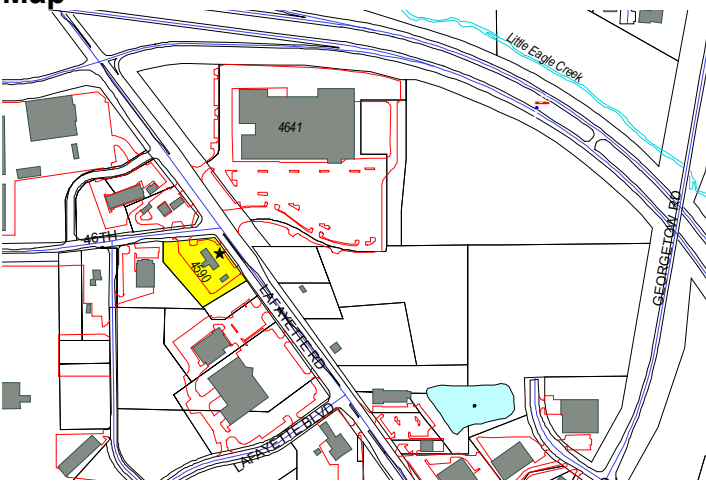

Address	Parcel #	Acreage	Township	Zoning	Former Tenant / Use
4040 Office Plaza Blvd	6017672	52.1623	Pike	C-5 / C-S	Auto Auction
Map 	Improvements:		2 Large warehouse style buildings: 28K+ sq ft and 30K+ sq ft; as well as 1 smaller 3K building. Extremely large, fenced paved parking /storage areas.		
	Challenges:		Access limited; poor visibility. Falcon Creek, and associated floodway/plain, divides the property in half.		
	Environment:		Unknown but potentially		
	Utilities available:		Sanitary, Water, Storm, Gas, Electric		
	Zoning/Variance history or issue:		Lafayette Square Area Plan (adopted 1999) 96-UV2-91		
	Other Interested Parties:		Lafayette Square Area Business Alliance (LSABA) Pike Township Residents Association (PTRA)		
	Broker:				
	Owner:		Copart of Connecticut, Inc. Second Floor 5500 East Second Street Benicia, CA 94510		
	Photo 				
<p><i>The eastern half is used for auto auction activities; western side of Falcon Creek is not used. Access is from Office Plaza Boulevard and Kevin Way; Office Plaza Boulevard is in poor condition. Poor visibility from major thoroughfares, however across from Meijer Store affording good visibility from that destination-type user.</i></p>					

Address	Parcel #	Acreage	Township	Zoning	Former Tenant / Use
4080 Lafayette Rd	6006881 6009251 6010460 6011189	14.988	Pike	C-5	Automobile Sales
Map  Photo 			Improvements:		Large 18K+ glass sales building & two vehicular repair buildings (27K+ & 19K+) w/ large paved parking area including fenced security lot.
			Challenges:		Building design is very use-specific
			Environment:		Unknown but petroleum contamination is possible
			Utilities available:		Sanitary, Water, Storm, Gas, Electric
			Zoning/Variance history or issue:		Lafayette Square Area Plan (adopted 1999)
			Other Interested Parties:		Lafayette Square Area Business Alliance (LSABA) Pike Township Residents Association (PTRA)
			Broker:		Clint Fultz, Linder Group, 844-5313
			Owner:		Co, LLP PO Box Indianapolis, IN 46205
			<p><i>The user-specific building has excellent visibility from Lafayette Rd with Daily Traffic Count (1995) of 33,706 and Georgetown Road with Daily Traffic Count (1995) of 14,006.</i></p> <p><i>Located on Indygo Bus route.</i></p> <p><i>One of LSABA's Top 4 sites desired for redevelopment.</i></p>		

Address	Parcel #	Acreage	Township	Zoning	Former Tenant / Use
4702 Century Plaza Rd	6014597	6.3864	Pike	C-4	Tile Mart & various 'B' retail
Map 			Improvements:		45K sq ft strip center, built 1975. Large paved parking area
			Challenges:		Poor access from major thoroughfares (Georgetown & Lafayette Rd); access is from local road, Century Plaza, serving Lafayette Sq Mall parking areas. Perceived crime problem in the area. Other vacant buildings in the area.
			Environment:		Unknown
			Utilities available:		Sanitary, Water, Storm, Gas, Electric
			Zoning/Variance history or issue:		Lafayette Square Area Plan (adopted 1999) 2001-UV1-23
			Other Interested Parties:		Lafayette Square Area Business Alliance (LSABA) Pike Township Residents Association (PTRA)
			Broker:		Skinner & Broadbent, 237-2900
			Owner:		Lafayette Village Association 2300 Capital Center South 201 N. Illinois St Indianapolis, IN 46204
Photo 			Adjacent to Lafayette Square Mall, which is owned and managed by Simon Property Group. <i>Excellent visibility from I-69 yielding high traffic counts; however access is indirect / difficult.</i> <i>I-69 Daily Traffic Count (1998): 63,130</i> <i>Tile Mart has renewed their lease for another 5 years, however other tenant space remains under utilized.</i> <i>Strong economic demographics in the area.</i>		

Address	Parcel #	Acreage	Township	Zoning	Former Tenant / Use
4751 Century Plaza Rd	6010156	6.101	Pike	C-4	Movie Theater
Map 			Improvements:		46K+ sq ft single-use building, built in 1976. Signage available on large pylon sign along Georgetown Rd & outside façade; Paved parking.
			Challenges:		Building designed for a theater with sloping floor, etc. Indirect /Poor access from major thoroughfares (Georgetown & Lafayette Rd); access is from local road, Century Plaza, serving Lafayette Sq Mall parking areas. No visibility from interstate or major thoroughfares. Perceived crime problem in the area. Other vacant buildings in the area.
			Environment:		Unknown
			Utilities available:		Sanitary, Water, Storm, Gas, Electric
			Zoning/Variance history or issue:		Lafayette Square Area Plan (adopted 1999) 88-HOV-12 88-V3-127
			Other Interested Parties:		Lafayette Square Area Business Alliance (LSABA) Pike Township Residents Association (PTRA)
			Broker:		Sander Development Co, 925-9011
Photo 			Owner:		Sedd Realty Co 2220 N. Meridian Street Indianapolis, IN 46208
			No visibility and no direct access from any major thoroughfare. Indygo routes along Georgetown and Lafayette Roads.		

Address	Parcel #	Acreage	Township	Zoning	Former Tenant / Use
4641 Lafayette Rd	6000794 6002537	13.2132	Pike	C-S	Builder's Square Home Improvement Store
Map 			Improvements:	Large masonry warehouse-style building, built in 1994, with fenced outside display/storage area. Pylon sign on Lafayette Road; Paved parking	
			Challenges:	Lease controlled by Home Depot, who has generally been unreceptive to any reuse efforts	
			Environment:	Unknown	
			Utilities available:	Sanitary, Water, Storm, Gas, Electric	
			Zoning/Variance history or issue:	96-V1-41 94-V3-133 89-HOV-87	
			Other Interested Parties:	Lafayette Square Area Business Alliance (LSABA) Pike Township Residents Association (PTRA)	
			Broker:	None	
			Owner:	Centre West Builder's Square LLC C/o Home Depot Property Tax Dept Ref#2008 PO Box 105842 Atlanta, GA 30348	
Photo 			<i>Excellent visibility from I-65 & interchange ramps with Daily Traffic Count (1998) of 63,130. Access at the stoplight from Lafayette Road; Lafayette Road Daily Traffic Count (1995) is 29,154 Not served by Indygo. One of LSABA's Top 4 sites desired for redevelopment.</i>		

Address	Parcel #	Acreage	Township	Zoning	Former Tenant / Use
4590 Lafayette Rd	6002719	13.1.7120	Pike	C-4	Gasoline Station with Car Wash
Map 	Improvements:		Small masonry (2800+) building, built in 1994 Single bay automatic car wash building; Paved parking		
	Challenges:		Small site; small building; probable ground contamination		
	Environment:		Probable contamination from underground tanks		
	Utilities available:		Sanitary, Water, Storm, Gas, Electric		
	Zoning/Variance history or issue:				
	Other Interested Parties:		Lafayette Square Area Business Alliance (LSABA) Pike Township Residents Association (PTRA)		
	Broker:		None		
	Owner:		Amoco Oil Co C/o Ernst & Young LLP PO Box 6529 Chicago, IL 60606		
	Photo 				
	Excellent traffic from I-65 & interchange ramps with Daily Traffic Count (1998) of 63,130. Access from Lafayette Road & 46th St; Lafayette Road Daily Traffic Count (1995) is 29,154 Not served by Indygo.				

APPENDIX 2

Retail Development Landscape and Success Indicators

Retail Landscape

To understand the current retail landscape, the potential for redistribution of different types of goods, and the necessity to consider non-retail uses for area property, three retail goods and services categories are explained below. In addition information is provided regarding the current retail landscape of the area. This section provides a general picture of the current retail landscape and trade area for the Lafayette Square Mall. The following section and subsequent parts of this application describe several other trade areas and their strengths and weaknesses.

Retailers group consumer products into three major categories: convenience, shopping, and specialty goods. Shopping and convenience goods comprise the vast majority of retail sold in the LSA. Convenience goods are those that usually possess a low unit price and are purchased frequently requiring little selling effort on the part of the retailers. Retailers of convenience goods focus most acutely on the quantity of traffic passing by their store. Convenience goods are often purchased on impulse in easily accessible stores. Therefore, the greater the automobile and pedestrian traffic, the greater the sales of convenience goods. Convenience consumer goods are purchased frequently; retailers of these goods need to be readily available. According to the U.S. Small Business Administration, “one study of food store purchases in the central city area revealed that nearly 70 percent of the women patronized stores within one to five blocks of their homes. Another study of food stores indicated that for suburban locations the majority of customers lived within three miles of the stores, while the maximum trading area was five miles.”³⁷

Shopping goods have a high unit price, are purchased infrequently, and require a more intensive selling effort on the part of a retailer. Examples of shopping goods include men’s suits, automobiles, and furniture. Retailers providing shopping goods are most interested in the quality of the traffic passing by their location. Retailers who provide shopping goods have a wider trading area than convenience goods. Consumers buy shopping goods infrequently and deliberately plan these purchases. Consumers are willing to travel some distance to make shopping comparisons. Again from the SBA, “one study of a discount department store showed that 79.6 percent of the shoppers lived within five miles of the store and another 16.1 percent lived within a ten-mile radius.”³⁸

Specialty goods sell for a high unit price; however, price is not a purchase consideration generally. These goods, such as precious jewelry and fine furs, are bought infrequently. This type of good has no substitute and is sold in exclusively franchised outlets. Specialty goods are often sought by customers who are already “sold” on the product, brand, or both.

In the LSA there are a total of 278 retail establishments selling convenience and shopping goods. These businesses employ 6,036 individuals and produce \$900.7 million in annual sales. These retail employees account for 77.2 percent of the total daytime population of the area. By number of establishments or employees, the major retail categories are miscellaneous retail, restaurants, general merchandise, food stores, apparel and accessory stores, home furniture and furnishings, and automobile dealers and gas service stations. Personal services, business services, and

³⁷ U.S. Small Business Administration. *Choosing a Retail Location*. Wyoming Small Business Development Center. April 2002. <<http://uwadmnweb.uwyo.edu/sbdc/fred/fodpdf/500/doc558.pdf>>. Accessed on 05/03/2004.

³⁸ Ibid.

automobile repair related establishments add another 691 employees and \$31.7 million in sales. While substantial in terms of employment and sales produced, each of these categories have been negatively impacted by the establishment of new retail spaces that have followed demand to outlying suburbs in Indianapolis and the surrounding metropolitan area. In the past, the LSA was the primary provider of retail to the westside of Indianapolis and beyond. However the position of super-regional supplier of goods has deteriorated as new commercial centers have opened in the Lafayette Square trade area, competing for valuable customer dollars and new residential development continues to move outward.

New retail development has taken place farther west along 38th Street and along the Michigan Road Corridor in Marion County. In adjacent growing communities, such as Fishers, Noblesville and Carmel in Hamilton County, and Brownsburg, Avon, and Plainfield in Hendricks County, retailers have followed a residential population that continues to move farther North and West. Recently opened or remodeled retail centers that compete for consumer dollars are Speedway Super Center, Eagle Highlands, College Park and the soon to open Traders Point at 86th Street and Interstate 465. The Trader's Point development is reported to be a potential 400,000 square feet of additional retail space in Pike Township that will directly compete with the LSA. As residential growth continues and retail development expands to meet the needs of these residents, the LSA will continue to lose retailers unless a broad range of public and private sector participants intercede with concerted effort and deliberate action to reverse the decline. The CRED designation and this plan for revitalization are steps to shore-up investment and the economic environment.

Demographics

According to the Brookings Institution Center on Urban and Metropolitan Policy, Indianapolis compares favorably to other large cities in the U.S. on several measures of economic well-being. The city's unemployment rate is below the national average, and a high proportion of adults participate in the labor force. Indianapolis households by income are balanced across the city. Poverty rates in the city are low, homeownership rates are high, and renting remains relatively affordable. Households in each part of the income scale increased in number during the 1990s. Because higher-income households grew fastest, the city's median household income increased, and its poverty rate—already low by large-city standards—declined.

Indianapolis's population grew by 6.9 percent in the 1990s. However, this growth was not distributed evenly across Indianapolis. Rather, neighborhoods surrounding the downtown lost considerable population, while those in the outer reaches of the city grew by 10 percent or more. Elsewhere in the metropolitan area, population increased by 27 percent in the 1990s—the fastest suburban growth in the Midwest.

While the vast majority of Indianapolis resident—90 percent—are either Caucasian or African-American, international immigrants are changing the profile of the community. The number of foreign-born residents living in Indianapolis more than doubled in the 1990s. The growing immigrant population is quite diverse; Mexico is the most common country of birth, but half of new arrivals come from countries in Asia, Africa, Europe, and Latin American. More than 60 percent of Indianapolis's foreign-born residents arrived in the U.S. in the last ten years. In 2000, the United Way of Central Indiana analyzed the influx of Spanish speaking, i.e. Hispanic

immigrants in the *Indianapolis Hispanic Study*. The necessity of this report is the result of a 250 percent increase in Hispanic residents between 1990 and 2000. This study draws the following conclusions about the Spanish-speaking population:

- half of these immigrants arrived in the last two years;
- the majority of newcomers are single males; and
- many of the newcomer families have small children.³⁹

The LSA abuts dense housing development to the south and west in Pike and Wayne Townships. The median year that this housing was built is 1967. The trends in these two townships reflect population growth from the 1960s through today. Pike Township, encompassing the majority of the LSA, experienced rapid and steady population growth during the 1960s and 1970s. Its population growth accelerated in the 1980s; the total population grew by 78 percent to 45,204 residents. This growth continued in the 1990s as the population increased to 71,465 an increase of 58.1 percent. In the 1960s Wayne Township experienced rapid population growth increasing by 26.7 percent. Although the population declined in the 1970s, it rebounded in the 1980s growing by 2.3 percent to 125,699 persons. In the 1990s Wayne Township saw a population increase of 6.2 percent.

The trade area for the Lafayette Square Mall includes most of the westside of Indianapolis and some of the most affluent suburban areas of Hendricks and Boone counties. The population of the trade area is 529,406. The median household income for 2003 was \$45,618. The majority of the people within the trade area are married (50 percent) and the workforce is predominantly white collar. The percentages of race and ethnicity are 25.9 percent African-American, 69.1 percent Caucasian, and 4.2 percent Hispanic. Forty-one percent of the trade area households have incomes of at least \$50,000. Fifty-three percent of the population owns two or more vehicles.

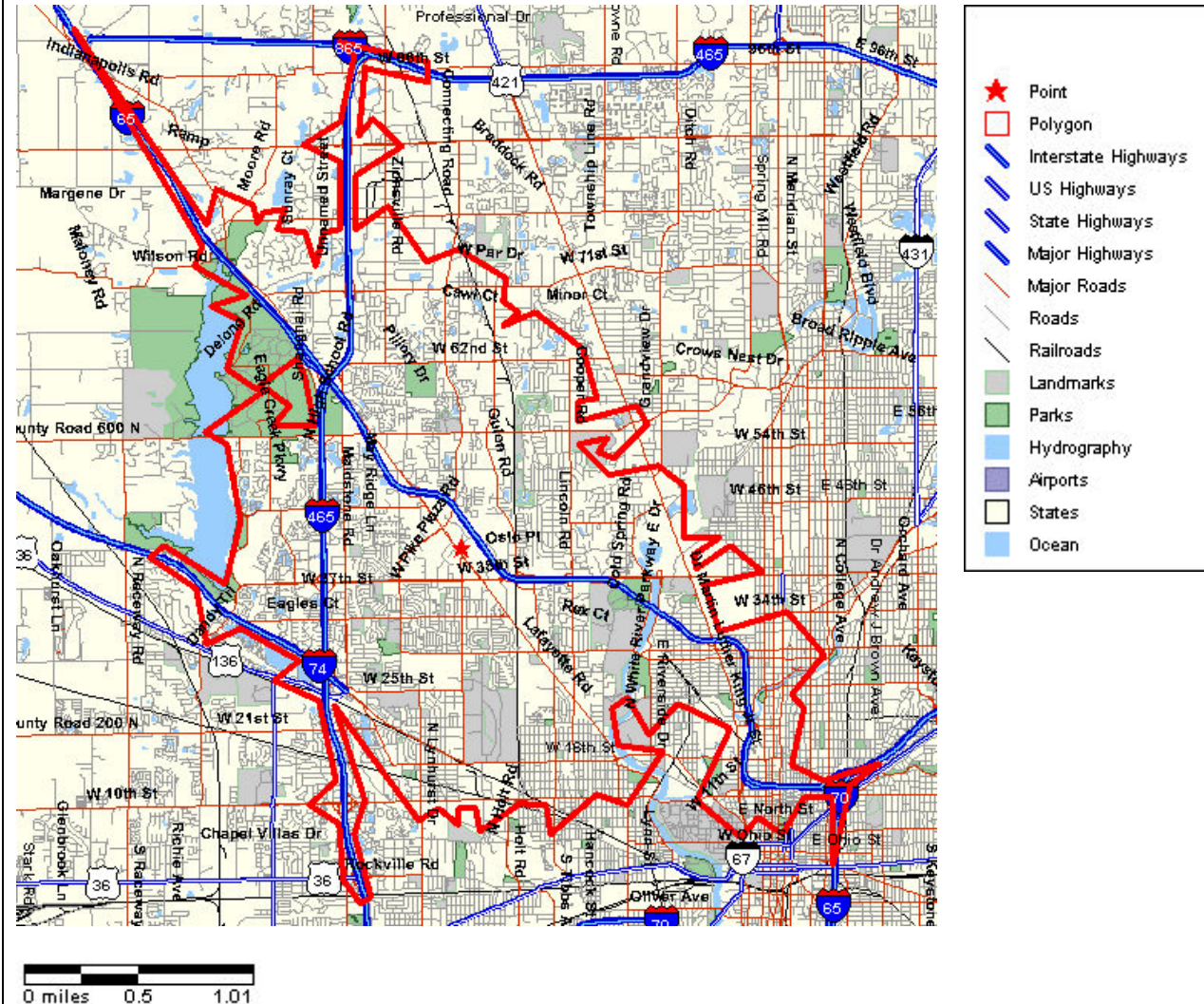
Age	
Range	Percent of the total population
<17	25.9
18 - 34	24.4
35-54	29.8
>55	19.9
Median Age	33.97

High school graduates are 31.2 percent of the population and 51.2 percent of persons have attended college with 16.3 percent receiving a bachelor's degree.

To approximate a trade area for convenience and shopping goods in a community environment, as opposed to a super-regional supplier of goods such as the Lafayette Square Mall, discussed next are the demographic characteristics of the area, which is a 10-minute drive from the star point on the following map.

³⁹ United Way/Community Service Council. *The Indianapolis Hispanic Study: A Report on the Characteristics, Assets and Human Services Needs of an Emerging Population*. June 2000.

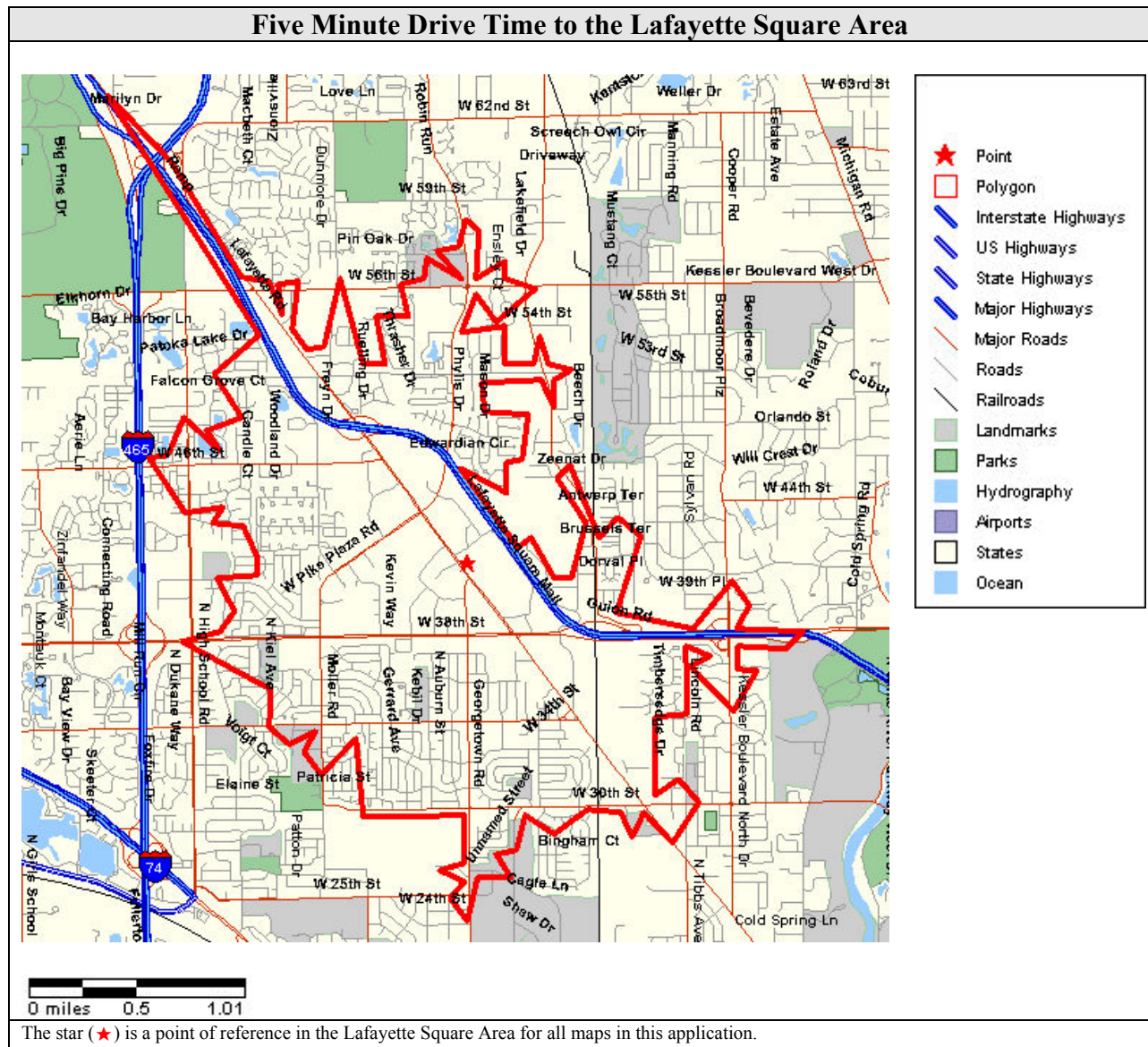
Ten Minute Drive Time to the Lafayette Square Area



The star (★) is a point of reference in the Lafayette Square Area for all maps in this application.

The population of this area in the 2000 Census was 137,106 persons, a 15.71 percent increase over 1990. The 2004 estimated population for this area is 136,959, a .1 percent reduction. Continuing with 2004 estimates, residents are 43 percent African-American and 7.36 percent Hispanic. The median age in the area is 32.96 and men constitute 48.15 percent of residents. 70.57 percent of the population is over 21, 18.4 percent of persons are between 25 and 34 years of age, and 15.82 persons are between the ages of 35 and 44. The median age for women is 33.68, for men 31.66; nearly 53 percent of residents have attended college; another 27 percent have a high school diploma or GED. Married persons with the spouse present, constitute 39 percent of residents, age 15-plus. 36.23 percent of resident in this same category have never been married. The median family household income in the area is \$43,848 and the average household size is 2.48.

To approximate a trade area for convenience goods in a community setting, discussed next are the demographics characteristics for the area, which is a 5-minute drive from the star point on the following map of the LSA.



The population of this area in the 2000 Census was 26,104 persons, an 11.38 percent increase over 1990. The 2004 estimated population for this area is 25,944, a negative .6 percent reduction. Continuing with 2004 estimates, residents are 48 percent African-American and 13 percent Hispanic. As with Indianapolis as a whole, Mexico is the primary country of emigration. The median age in the area is 30.5 and women constitute 52 percent of residents. 47.67 percent of the population is between 21 and 50. The median age for women is 31.75, for men 29.29. 49.63 percent of residents have attended college; another 31.08 have a high school diploma or GED. Married persons with the spouse present constitute 40.24 percent of residents, age 15-plus. 34.94 percent of resident in this category have never been married. The median family

household income in the area is \$43,848 and the average household size is 2.48. Between 2004 and 2009 aggregate household income is expected to rise by 4.26 percent to \$490 million.

This 5-minute drive time area has 378 retail business establishments with 7,299 employees and \$1,033.400,000 in sales. Automobile dealers and gas service stations account for \$475.6 million in sales at 55 locations, department stores account for \$130.3 million in sales at 11 establishments, 24 food stores produce \$115.1 million in sales, and other retail produces \$113.0 million in sales at 100 establishments.

The residential population of the LSA itself (see map on page seven) was 3,296 according to the 2000 Census. This reflects a population increase of 8.67 percent over the 1990 Census and outpaces the growth of Marion County as a whole, which grew by 7.9 percent. The majority of the population in the LSA is racially or ethnically diverse. African Americans account for a little over 48 percent of the areas population and those of Hispanic origin account for nearly 14 percent of population. Over half of the area's households consist of one or two persons. The majority of family households in the area have household incomes above \$35,000; the median family household income is \$42,812. Over 40 percent of all area residents are between 25 and 50 years of age. Over 40 percent of area residents have attended college; and nearly 50 percent of households have 2 or more vehicles.

Non-Traditional Indicators of Retail Potential⁴⁰

In addition to the assets for development, the LSA exhibits strong indicators of retail attractiveness. As mentioned previously, the LSA itself exhibits characteristics of suburban retailing, but is bordered by urban and first-tier suburban development with greater levels of density. The following positive indicators of revitalization potential exist in the area surrounding the LSA and will be attractive to retailers as they consider the LSA for potential retail development:

- Concentrated Buying Power
- Population Growth
- Middle Class Concentration
- Residential Building Permits Issued (absolute numbers and trends)
- Residential Loans for Housing Improvements (absolute numbers and trends)

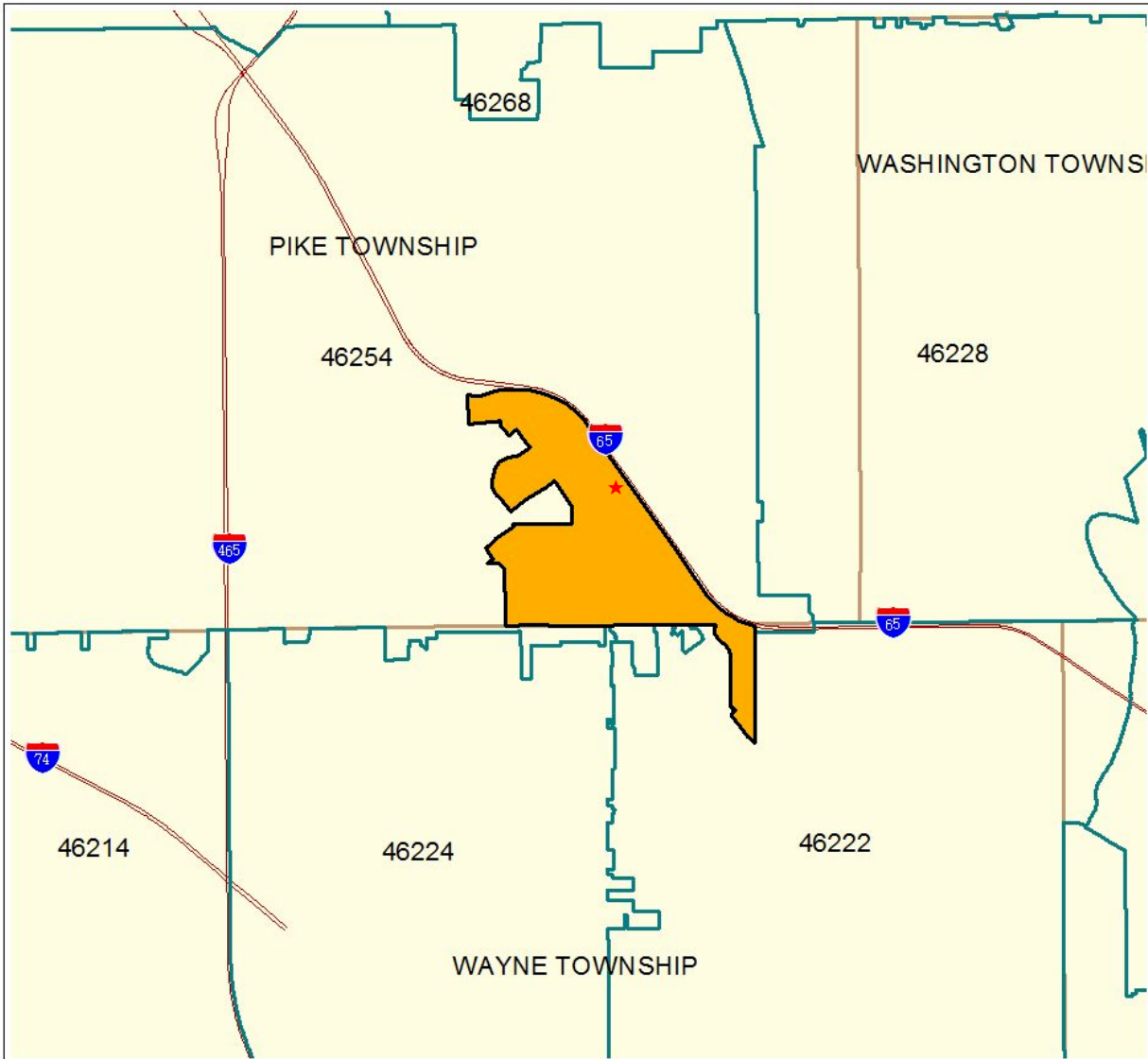
The list of indicators is based on readily available data that are important to understanding urban settings as locations for business. These indicators do not constitute an exhaustive list of relevant variables; rather, the indicators are a starting point for analysis to consider the positive attributes of urban development where it surrounds suburban commercial development, e.g. the LSA. These indicators were compiled by MetroEdge, a market intelligence firm that works with private companies to optimize growth and performance and with community and government leaders to attract and grow business in their cities. Using specialized metrics and alternative data sources, the indicators developed by MetroEdge provide another view of retail appeal besides the traditional metrics based solely on demographics, and described previously.

⁴⁰ This report section was prepared by referencing the CITYSCAN: INDIANAPOLIS report prepared by MetroEdge and funded by the Annie E. Casey Foundation. Parts of this section use MetroEdge explanations and analysis.

Included below are six maps, a zip code map and five retail indicator maps prepared by MetroEdge. These maps indicate the strength of the LSA (zip codes 46222, 46224, 46254 and oriented by a red star on the maps) as a site favorable to retail development and complementary mixed-uses.





The City of Indianapolis

Lafayette Square Area CRED Zip Codes



1000 0 1000 2000 Feet



-  Revised CRED Boundary
-  Zip Code Boundaries
-  Interstates
-  Township Boundaries

This map does not represent a legal document. It is intended to serve as an aid in graphic representation only. Information shown on this map is not warranted for accuracy or merchantability.

November 16, 2004

Produced By: The GIS Section

Data Source: The City of Indianapolis
Geographic Information Systems

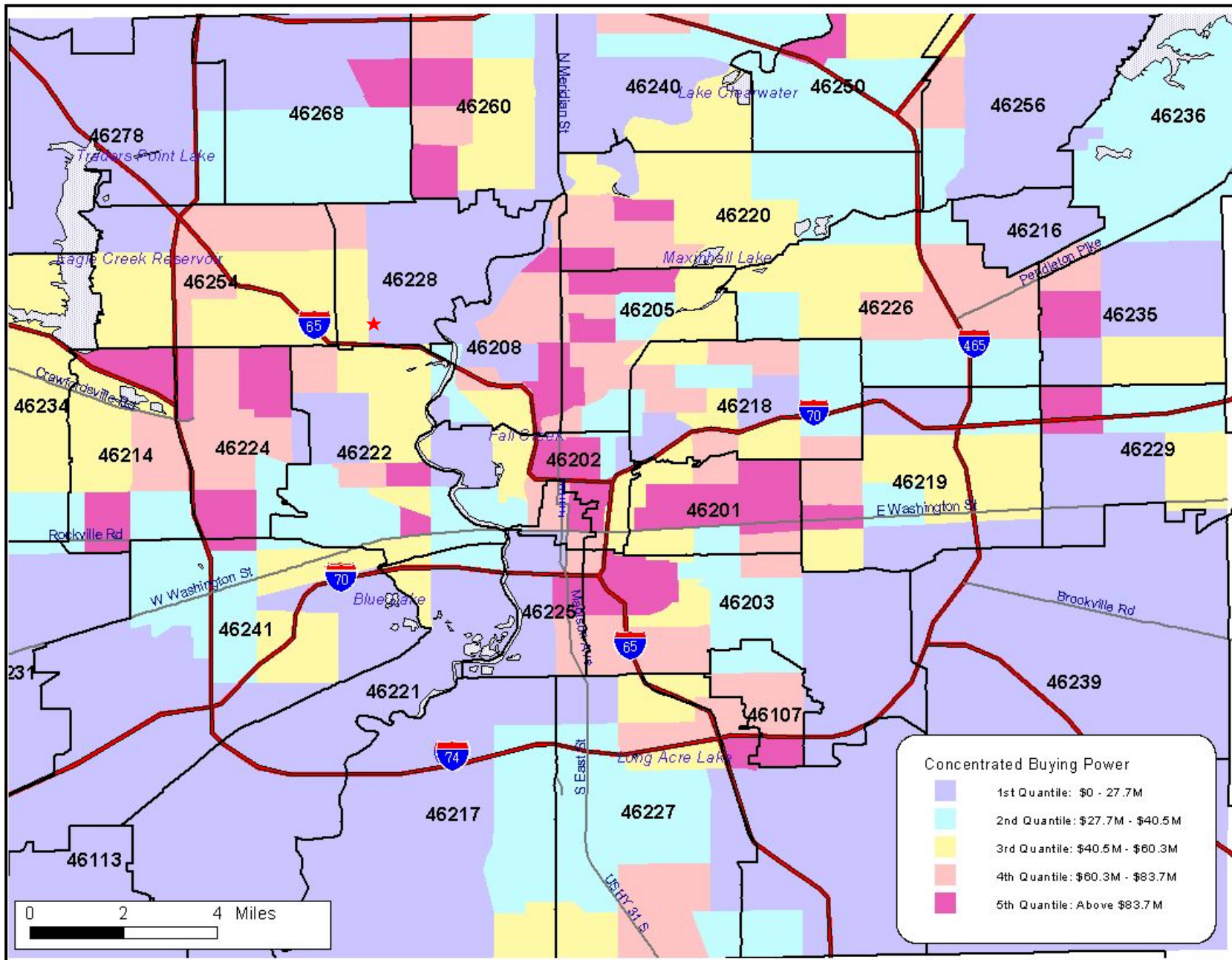


The star (★) is a point of reference in the Lafayette Square Area for all maps in this application.

Indicator maps are provided for the following: concentrated buying power, population change, middle class concentration, residential building permits issued, and residential loans for housing improvements. In order to be consistent and remove any bias in classification, the thematic maps prepared by MetroEdge display data categorized by quintiles (five equal divisions).

Concentrated Buying Power

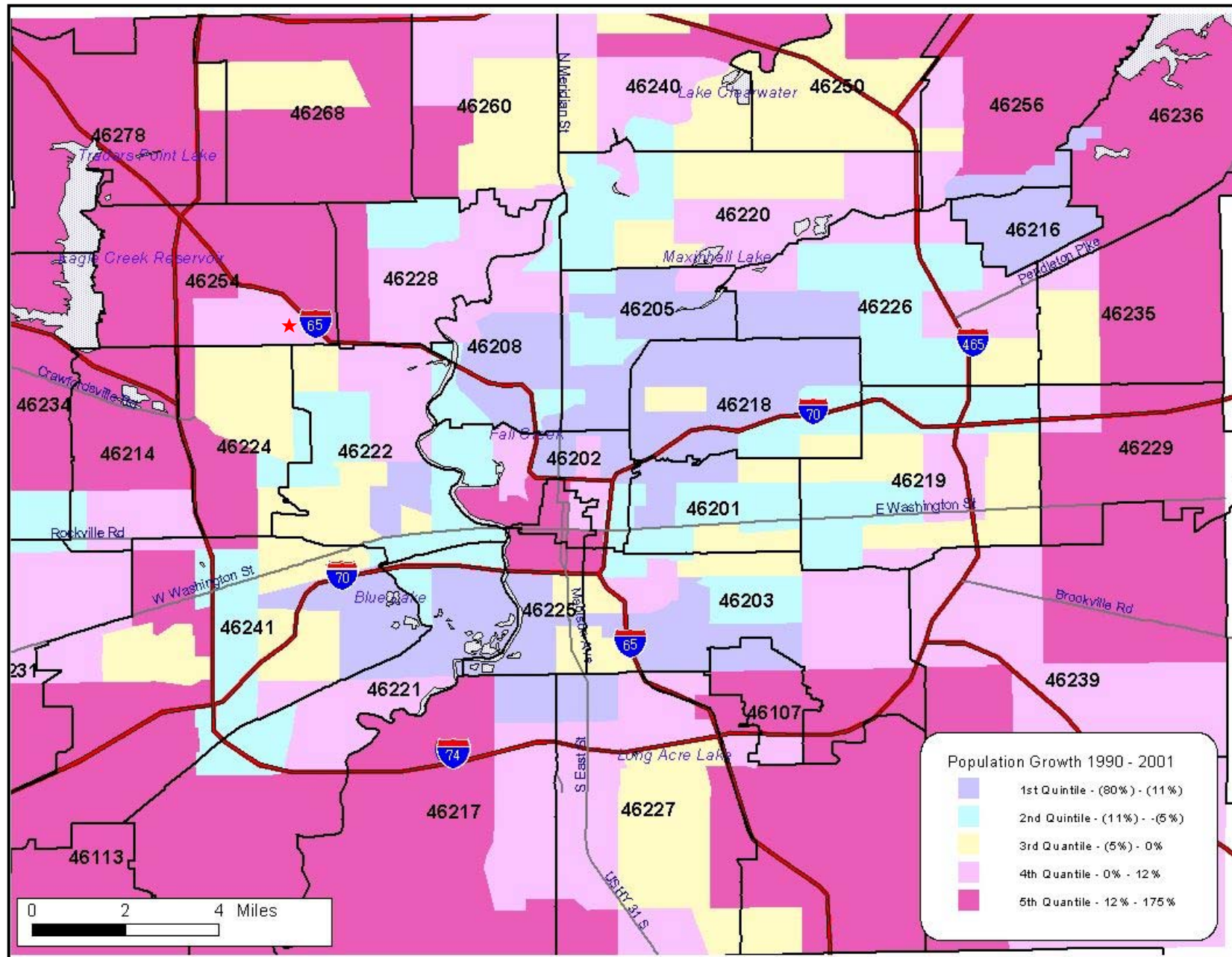
One of the major obstacles preventing many businesses from realizing market opportunities in urban areas is the long-standing myth that a trade area's median income is a good indicator of buying power. While income may be an indicator of buying power for an individual person or household, the median income of a trade area is generally an insufficient indicator of buying power, especially in urban markets. The median income approach fails to consider population density when understanding a trade area. Research has shown that population density more than makes up for a lower than desired individual or household median income. Concentrated buying power (buying power per square mile) provides a better indication of the total dollars available in a market. As shown on the corresponding map the three zip codes including the LSA (46222, 46224, 46254) show pockets of potential where consumer buying power is significant. This buying power per square mile ranges from a minimum of \$40.5 million to more than \$80.7 million. The 46224 zip code merits special attention as a hub of buying power.



Population Growth

The magnitude of retail demand is an important variable in retail location analysis and depends in part on population. Buying power is a one-time, current measure of retail demand. Retailers are also interested in neighborhood *trends*, as they will be making long term investments and care both about the trends in demand and the long-term viability of the neighborhood. Population growth in the neighborhood provides one indication of trends along a particularly important dimension, since population is so heavily related to demand. The following map shows population change from 1990 to 2001 by census tract for the city of Indianapolis and is discernable by zip code.

It is important to note pockets in the 46224 and 46254 zip codes (around the LSA) show the potential for significant population growth, with some areas approaching 175 percent.



Source: MetroEDGE

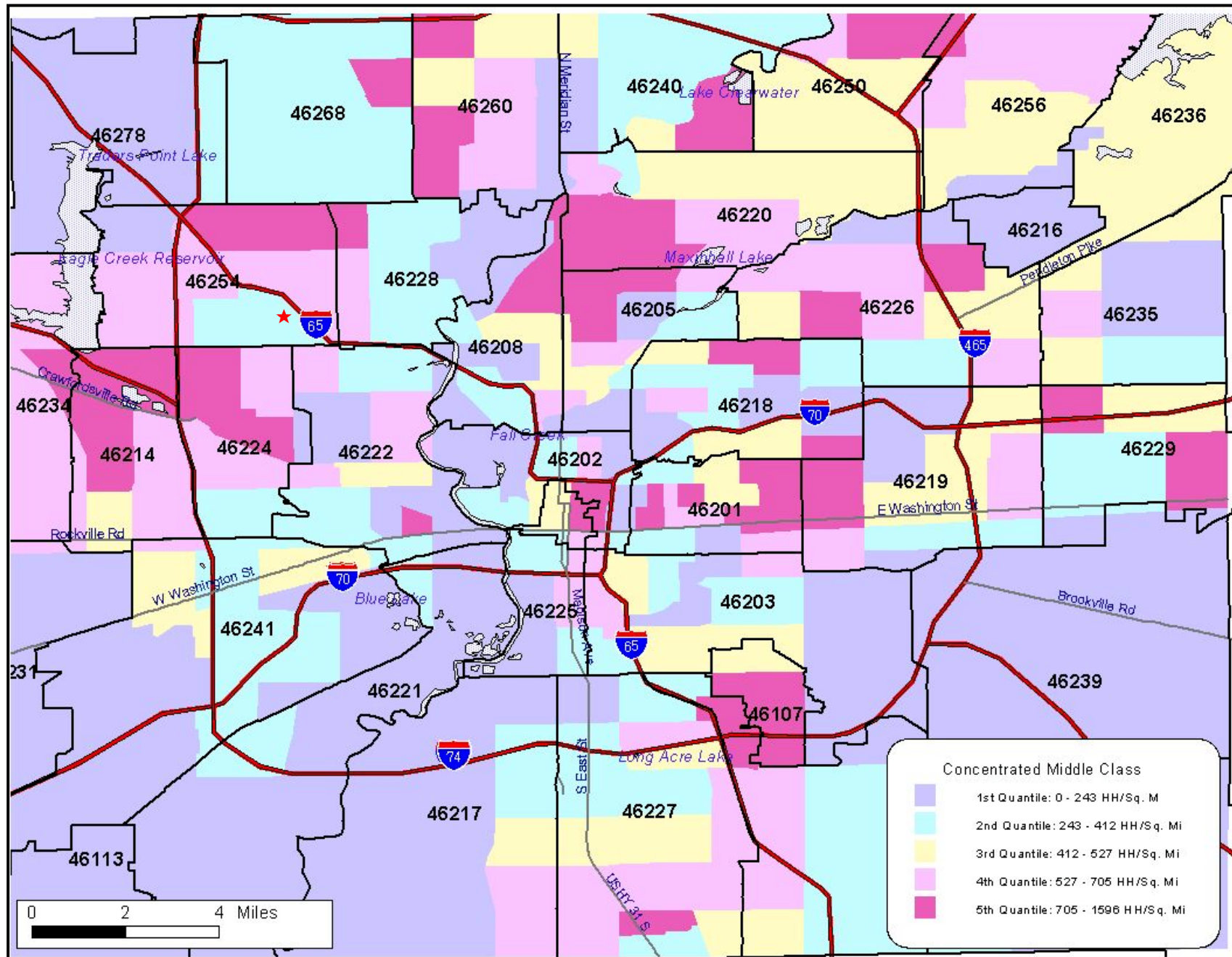
Concentrated Middle Class

The median income is the 50th percentile of the income distribution. A common supposition is that income is distributed around the median in a bell-shaped curve. However, it is generally the case that income follows a log-normal distribution, where the right side, or tail, extends much farther than the left. For this reason, it is important to examine the entire income distribution, not just the median when assessing a market.

According to MetroEdge, “The American middle class is the largest retail-purchasing segment in the country. Using only the median income as a proxy for demand in dense urban areas with concentrations of lower-middle and lower-income populations, makes for a misleading indicator and masks the presence of strong working, middle and upper middle classes.”⁴¹ While the relevant income group varies by type of retailer, the metric used in this analysis to isolate middle and upper middle class is the number of households with a median income between \$50,000 and \$150,000. Dividing this number by square miles reveals the geographic concentration of this middle to upper middle class. The following maps display the distribution of the concentrated middle class by census tract in Indianapolis.

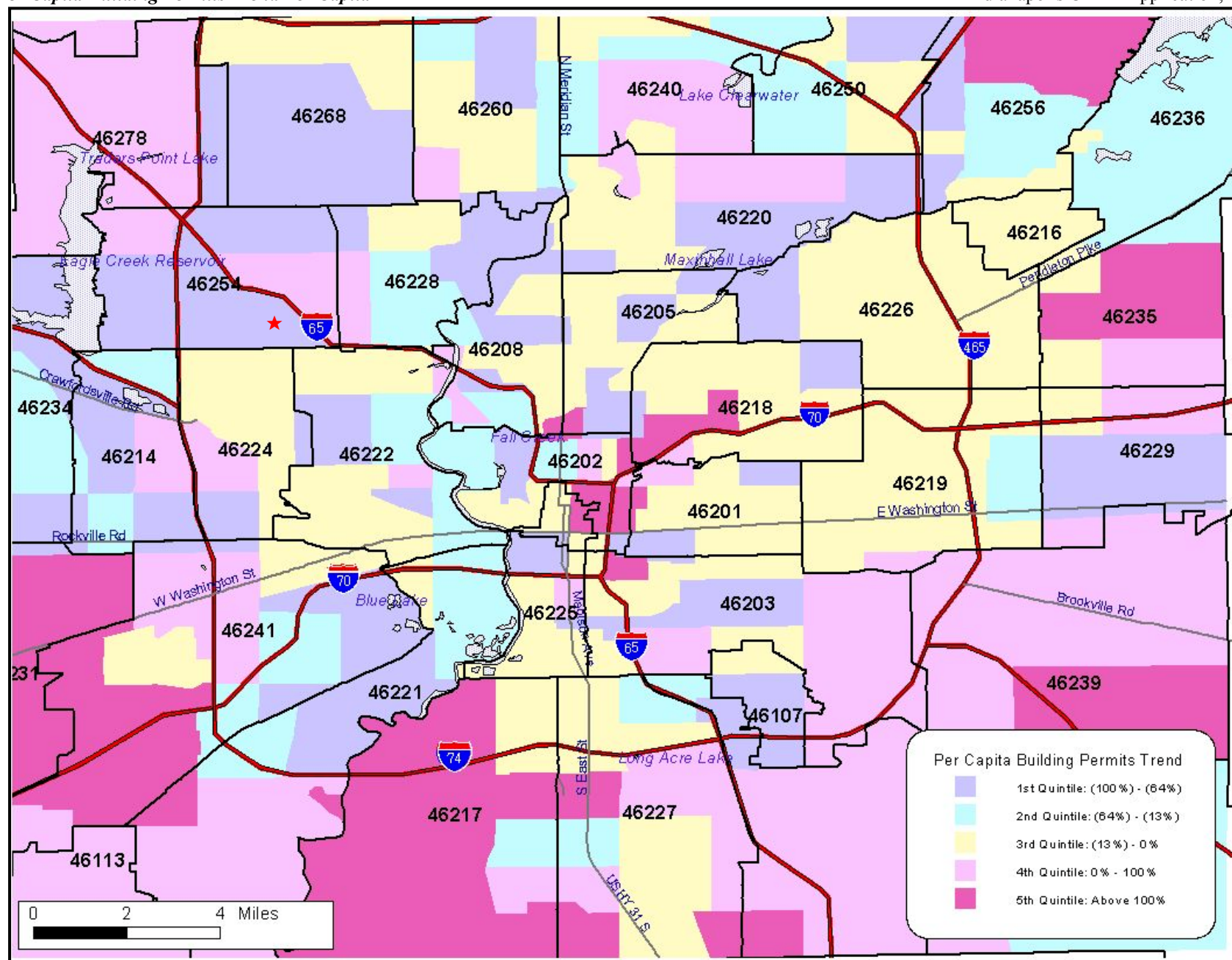
Areas of development around the LSA in zip codes 46222, 46224, and 46254 show high concentrations of middle class residents, ranging from 527 to 1596 households.

⁴¹ Ibid.



Building Permits

Building permit data provides an indicator of new investment in a community (as well as another indicator of population growth), and this data set measures more recent trends compared to the population change data cited above. The following maps describe the per capita trend in building permits issued between 1998 and 2001 and the total number of permits issued. The per capita trend map shows a very slow increase in building permits for Marion County as a whole, however, areas of focus within zip codes 46224 and 46254 show some positive signs of new construction. Looking at the total number of building permits issued for new construction between 1998 to 2001 by census tract shows pockets of 46222 and 46254 that are encouraging. Significant growth is indicated in the 46254 zip code due north of the LSA.

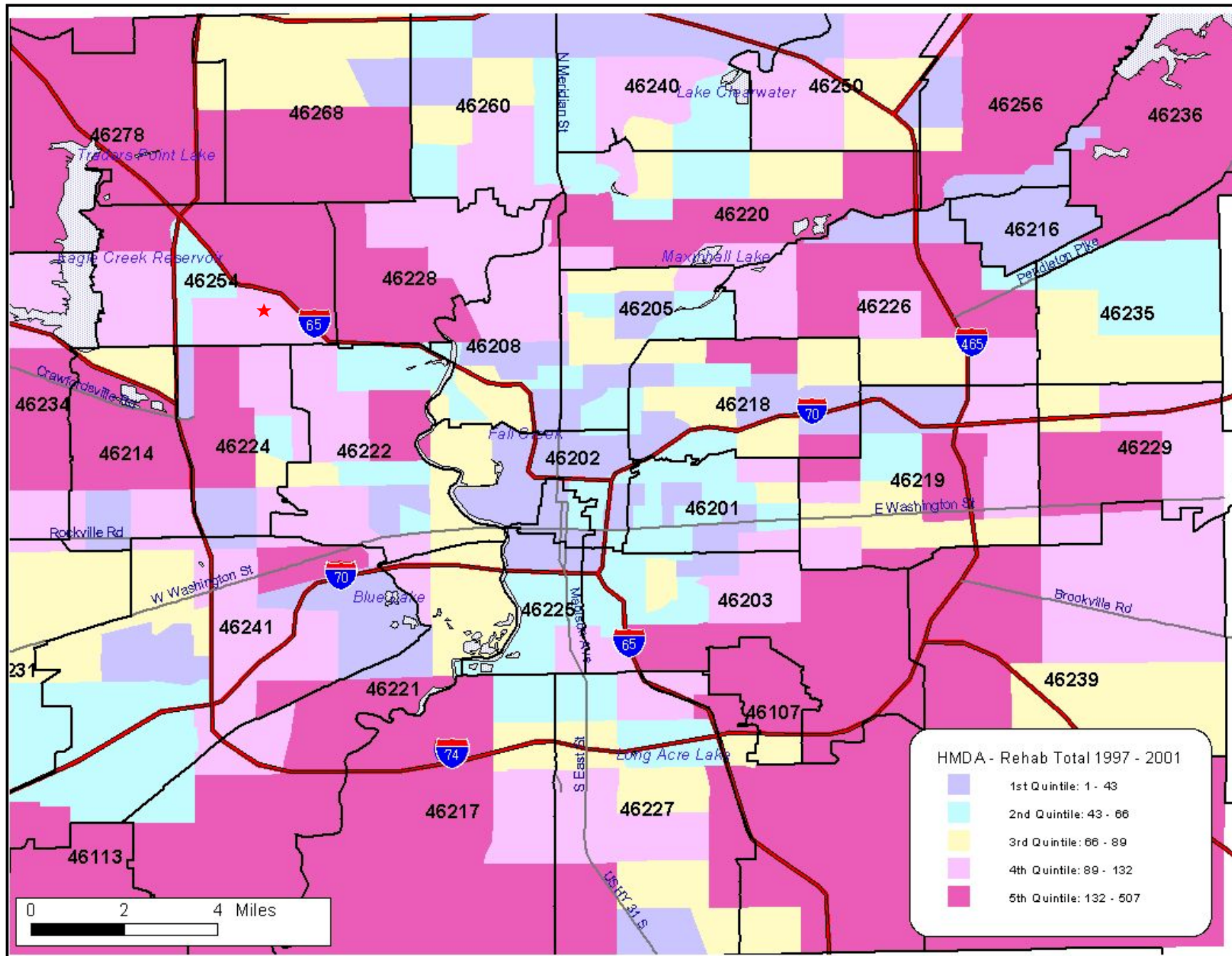




Home Improvement Loans

The Home Mortgage Disclosure Act (HMDA) offers data by census tract on loan origination for home improvement loans. Data on loans for home improvements offer a picture of reinvestment in communities. Retailers often look to homeownership rates as a sign of economic and population stability. As discussed above, home rehabilitation rates may be a better indicator for older residential neighborhoods, where homeownership is generally lower due to different housing patterns. Accordingly, HMDA rehabilitation data is examined as an alternative indicator of economic and population stability. The next map depicts the absolute number of rehabilitation loans from 1997 to 2002 to give an indication of the total magnitude of the loans. The map entitled, *HMDA (Originated Rehabilitation Loans Per Capita Trend 1997-2001)*, displays the change in the number of rehab loans by census tract from 1997 to 2001.

The trend data indicates that most of Marion County census tracts are declining in the rate of rehab loans per capita from 1997 to 2001. All the quintiles on this map, except for the fifth, show a negative trend, and even the fifth quintile contains negative numbers. Countering this negative trend, portions of zip codes 46254 and 46222 appear in the highest and second highest quintile in the absolute increase of rehab loans. The area north of the LSA in zip code 46254 is in the 5th quintile, with the possibility of loans per capita as high as 300 percent.



Source: MetroEDGE

